



# DAILY REPORT

*China*

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## PRC INTERNATIONAL AFFAIRS

### UNITED STATES

Secretary of State Shultz Begins PRC Tour	B 1
Greeted by Zhu Qizhen	B 1
Confers With Wu	B 2
Banquet Remarks Noted	B 2
Mrs Shultz Visits School	B 4
Papers Comment on Implications of Shultz Visit	B 4
TA KUNG PAO Reviews Issues [27 Feb]	B 4
HSIN WAN PAO Cites Communiques [1 Mar]	B 6
Ceremonies Recall 1972 Shanghai Communique	B 7
Beijing Reception Held	B 7
U.S. Activities Cited	B 8
XINHUA Round-Up on Tower Commission Report	B 10
RENMIN RIBAO Commentary on 'Star Wars,' Treaties [27 Feb]	B 12

### SOVIET UNION

USSR Compromise in PRC Border Talks Expected [KYODO]	C 1
Recent Talks Cited [WEN WEI PO 28 Feb]	C 1
News Analysis of New Soviet Stand on Euromissiles	C 3
XINHUA Views Shevardnadze's Asia-Pacific Tour	C 4
Soviet Film Festival Opens in Beijing 2 Mar	C 5

### SOUTHEAST ASIA & PACIFIC

Further Reportage on Visit of Thai Crown Prince	E 1
Leaves Beijing	E 1
Arrives in Shenyang	E 1
Visits Aircraft Plant	E 1

### PRC NATIONAL AFFAIRS

PRC Clampdown on Intellectuals To Expand [AFP]	K 1
Bold Scientific Academic Discussions Urged	K 1
Science Official Comments on Academic Freedom [CHINA DAILY 28 Feb]	K 2
Expelled Writer Fang Lizhi Gives Physics Report	K 3
Novella Criticized for Insulting Tibetans	K 3
HONGQI Stresses Upholding Marxism-Leninism	K 4
Leaders Attend Meeting Marking Taiwan Uprising	K 5
Over 50 Million Get Identification Cards	K 5

Domestic Medicines Win National Quality Awards	K 6
LIAOWANG Asserts Open Policy To Remain Unchanged [OVERSEAS EDITION 23 Feb]	K 6
Deng Liqun Praises Workers, Political Cadres	K 9
'Text' of Joint Ventures Regulations Promulgated	K 10
Improved Transport To Stimulate Foreign Trade	K 11
Monopoly Broken	K 11
Push To Upgrade Transport	K 12
[CHINA DAILY 28 Feb]	
State Economic Commission Outlines Tasks, Rules	K 14
LIAOWANG Views 'Mass Activity' in Economic Sphere [OVERSEAS EDITION 23 Feb]	K 15
GUANGMING RIBAO Assesses Price Reform Methods	K 17
[14 Feb]	
NONGMING RIBAO Studies Town, Township Enterprises	K 19
[16 Feb]	
Yang Bo Inspects Tianjin Development Zone	K 20
Experts Discuss Agricultural Development Momentum	K 21
Part I [RENMIN RIBAO 17 Feb]	K 21
Part II [RENMIN RIBAO 18 Feb]	K 26
Paper Reports on Political Circular for Army	K 31
[JIEFANGJUN BAO 17 Feb]	
JIEFANGJUN BAO Urges Deepening Reform in Training	K 32
[6 Feb]	
PLA To Lecture Cadres on 4 Cardinal Principles	K 35
Chengdu Military Leader Views Educating People	K 36
[RENMIN RIBAO 17 Feb]	
Most PLA Officers Graduates of Military Schools	K 38
Li Desheng Stresses Ideological, Political Work	K 39
[JIEFANGJUN BAO 17 Feb]	
JIEFANGJUN BAO Article on Meaning of Freedom	K 41
[5 Feb]	
Commentator Urges Placement of Demobilized Cadres	K 42
[RENMIN RIBAO 20 Feb]	

## PRC REGIONAL AFFAIRS

## EAST REGION

Jiangxi Leader Creates Consultative Committee	O 1
Jiangxi's Wan Shaofen, Others Attend Law Class	O 2
Shandong's Liang Buting at Scientific Congress	O 2
Liang Buting Addresses Shandong Militia Meeting	O 3
Zhejiang's Wang Fang Speaks on Party Building	O 3

## CENTRAL-SOUTH REGION

Guangzhou PLA Commander Opposes Liberalization	P 1
Henan Holds Work Conference on Social Order	P 1
Hunan Holds Report Meeting on United Front Work	P 3

## SOUTHWEST REGION

Sichuan Holds United Front Work Conference	Q 1
Yunnan's Pu Chaozhu at Close of CPPCC Session	Q 1

**NORTH REGION**

Nei Monggol's Zhang Shuguang Reviews Current Work  
Nei Monggol's Zhang Shuguang Watches Exhibition

R 1  
R 3

**NORTHWEST REGION**

Gansu Leaders Inspect Plants in Lanzhou  
Xinjiang's Song Hanliang Addresses Party Session

T 1  
T 1

**HONG KONG & MACAO****HONG KONG**

Shultz Visits Hong Kong Before PRC Tour  
Editorial Sees 'Irony' in Shultz Visit to PRC  
[HONGKONG STANDARD 28 Feb]

W 1  
W 1

SECRETARY OF STATE SHULTZ BEGINS PRC TOUR

Greeted by Zhu Qizhen

OW010850 Beijing XINHUA in English 0847 GMT 1 Mar 87

[Text] Beijing, March 1 (XINHUA) -- U.S. Secretary of State George Shultz flew into here from the southwest China city of Guilin this afternoon.

Sources said that the U.S. secretary of state is scheduled to exchange views with Chinese leaders on international issues of common interest and bilateral relations.

He has come to China for a six-day official visit at the invitation of Chinese State Councillor and Foreign Minister Wu Xueqian, who is expected to host a banquet in his honor in the Great Hall of the People here this evening.

Shultz and Mrs. Shultz were greeted at Beijing Airport by Chinese Vice-Minister of Foreign Affairs Zhu Qizhen.

This morning, Shultz and Mrs. Shultz left Hong Kong and arrived in Guilin, where they made a boat cruise on the picturesque Lijiang River. After they stay here, they are expected to have a tour of Dalian, Shandong and Shanghai.

Confers With Wu

OW020836 Beijing XINHUA in English 0833 GMT 2 Mar 87

[Text] Beijing, March 2 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian exchanged views with U.S. Secretary of State George Shultz on international issues of common concern and bilateral relations in their official talks here this morning.

Speaking of the world situation and China's foreign policy, Wu said that just as China's domestic policy will remain unchanged, its foreign policy will not change either.

"We will firmly carry out our independent foreign policy for peace," he said, adding "we will support whatever benefits the efforts to safeguard and consolidate the independence and state sovereignty of the Third World countries."

Shultz briefed Wu on the U.S. Government views and stand on some major international issues.

On Sino-U.S. relations, both sides agreed that the two countries attach great importance to the healthy development of their bilateral relations and will make further efforts to expand their trade and economic, scientific and technical cooperation.

At the beginning of the talks, Wu told Shultz that the Chinese Government attaches great importance to his current China visit.

Shultz was to meet Chinese President Li Xiannian and Premier Zhao Ziyang later in the day.

## Banquet Remarks Noted

OW011451 Beijing XINHUA in English 1443 GMT 1 Mar 87

[Text] Beijing, March 1 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian said here today that despite twists and turns, marked progress has been made in Sino-U.S. relations since the two countries signed the Shanghai Communique on February 28, 1972.

Wu said this at a banquet he gave in honor of visiting U.S. Secretary of State George Shultz here this evening.

With the establishment of normal diplomatic relations between the two countries, he said, extensive contacts, cooperation and exchanges have been carried out in the political, economic, scientific and technological, cultural and other fields.

Wu said that "realities of the past 15 years have demonstrated that the establishment and development of stable relations between China and the United States, both big countries, not only conform to the fundamental interests of the two peoples, but also contribute to peace and stability in Asia and the world."

"Today, an increasing number of people have come to appreciate the significance of Sino-U.S. relations. The efforts to promote the development of Sino-U.S. relations have won ever broader support, and the forces that favor continued growth of Sino-U.S. relations are growing in strength," he added.

"On the other hand," Wu said, "we should be soberly aware of the difficulties and obstacles standing in the way of Sino-U.S. relations.

"It takes sustained and arduous efforts of both sides to ensure the enduring and stable growth of our bilateral relations," he said.

Wu said the "three Sino-U.S. joint communiqus have laid down the common principles guiding the relations between the two countries and pointed the way for removing the difficulties and obstacles on the road of advance."

He expressed the belief that so long as both sides strictly adhere to the principles established in the successive Sino-U.S. joint communiqus, the Sino-U.S. relations are bound to grow still further.

Wu said he was looking forward to an in-depth exchange of views with Shultz on international issues of common concern and on bilateral issues.

On China's domestic situation, Wu said: "Our present policy of reinvigorating the domestic economy and opening to the outside world has proved to be effective and correct in the course of practice and enjoyed immense popular support.

"We shall implement this policy even better and in an all-round way," he stressed.

[Beijing XINHUA Domestic Service in Chinese at 1426 GMT on 1 March, in its report on the banquet adds the following two paragraphs at this point:

Wu Xueqian said: The Chinese people ardently love peace. We need an international environment with longstanding peace so that we can proceed with our socialist modernization with one heart and one soul. We will firmly uphold our independent and peaceful foreign policy and will join all peace-loving and justice-upholding countries and peoples throughout the world in exerting untiring efforts to promote disarmament, alleviate world tension, and maintain world peace.

Wu Xueqian said: Secretary of State Shultz is our old friend: This is his third visit to China since he assumed his current post. We are looking forward to an in-depth exchange of views with him on international issues of common concern and bilateral issues.]

Shultz said the Shanghai Communique marked an historic turning point in relations between the two countries.

He said both countries expressed the view in it that the normalization of Sino-American relations would be not only in the interest of the two peoples, but would also contribute to the relaxation of tensions in Asia and the world.

The Shanghai Communique, together with the joint communiqus of 1979 and 1982, continues to provide a stable basis for bilateral official relations, he said.

Shultz said the relationship between the United States and China has broadened to the full range of mutually beneficial activities appropriate to friendly countries with common interests -- including economic, commercial, cultural, educational, journalistic, scientific, and security matters.

"By contributing to mutual understanding, these exchanges and cooperative ventures help to ensure the further growth of our relations in the years ahead.

"Nevertheless, we cannot afford to be complacent. Hard work and open, effective channels of communication are necessary to sustain this momentum and to deal with the problems that are inevitable in any relationship between sovereign countries.

"We have powerful and persuasive reasons for meeting that challenge," he added.

Shultz said the two governments must continue to build in areas where they have common interests and to deal forthrightly with those issues that divide them, no matter how complex or difficult.

He said: "The Shanghai Communique provided a far-sighted framework within which we could address unresolved problems. Together with the joint communique on the establishment of diplomatic relations and the joint communique of August 17, 1982, the Shanghai Communique remains one of the three documents which define the principles by which we conduct our relationship.

"It retains its historic significance today. In all three documents, the United States makes clear that its policy is based on the principle that there is but one China. As President Reagan has affirmed, our commitment to this principle will not weaken."

Shultz and Mrs. Shultz arrived here from the south China city of Guilin this afternoon.

#### Mrs Shultz Visits School

OW021100 Beijing XINHUA in English 1050 GMT 2 Mar 87

[Text] Beijing, March 2 (XINHUA) -- Mrs. Helena Shultz, wife of visiting U.S. Secretary of State George Shultz, called on Deng Pufang, director-in-chief of the China Welfare Fund for the Handicapped, here today.

Deng briefed Mrs. Shultz on China's welfare work for the handicapped and the work of the welfare fund since its founding three years ago.

Deng told Mrs. Shultz that his fund has helped some 2,000 handicapped enter colleges and universities.

Mrs. Shultz said that she heard a lot about Deng Pufang and his fund, and spoke highly of Deng and his colleagues for what they have done for the handicapped.

Mrs. Shultz, whose daughter also works for deaf-mute children in the U.S., said that the whole society should understand and accept handicapped people.

Deng praised Mrs. Shultz for her concern for the welfare of the handicapped and said that their work has received support from many friends in the U.S. and other countries.

Earlier today, Mrs. Shultz and other American friends visited the Beijing No. 1 Deaf-and-Mute School, which has 155 students and 54 faculty members.

The U.S. visitors also sat in some classes in computer operating and in pronunciation and visual speech training. The computers of the school were given by the U.S. National Cristina Foundation Inc.

Students also put on a performance for the U.S. visitors.

#### PAPERS COMMENT OR IMPLICATIONS OF SHULTZ VISIT

##### TA KUNG PAO Reviews Issues

HK271031 Hong Kong TA KUNG PAO in Chinese 27 Feb 87 p 2

[Political talk by Shih Chun-yu (2457 0689 3768): "Shultz Visits China, Wu Xueqian Visits Eastern Europe"]

[Text] Arriving in Beijing on 1 March To Pay a 6-Day Visit to China [subhead]

U.S. Secretary of State Shultz left the United States for the Orient yesterday and he will come to Hong Kong first and leave for Beijing this Sunday (1 March) to pay a 6-day visit.

After receiving Shultz, Foreign Minister Wu Xueqian of China will set out on 7 March to visit three countries in Eastern Europe -- Czechoslovakia, Poland, and Bulgaria -- and West Germany, Switzerland, Italy, and San Marino in Western Europe. It is at this time that members of diplomatic circles in Beijing have disclosed that Gorbachev of the Soviet Union has invited Zhao Ziyang to make a short visit to Moscow on the way home after visiting five countries in Eastern Europe in June this year. Beijing has not made a reply to this. This succession of diplomatic activities of Beijing has aroused conjecture among Western observers, who said that the future development of relations between China and the Soviet Union and Eastern Europe was worth taking notice of, and also said that after Hu Yaobang's resignation China would be inclined toward the Soviet Union.

#### China's Opening Up in All Directions [subhead]

This information is not worth refuting. Beijing has repeatedly declared that China adheres to the policy of maintaining independence and keeping the initiative in its own hands diplomatically, and that it will not play the U.S. card nor the Soviet card. Before Hu Yaobang's resignation, over the past few years, China had maintained contacts at the vice premier level with the Soviet Union and Eastern Europe, with emphasis on strengthening economic, trade, cultural, scientific, and technological relations, and scored many achievements. China is implementing a policy of opening up in all directions and, to strive for a peaceful international environment, is willing to develop relations with all countries on the basis of equality and mutual benefit. However, due to the fact that "three obstacles" still exist between China and the Soviet Union, no progress has been made in the political relationship. This is also a fact universally acknowledged.

Shultz is visiting China to mark the 15th anniversary of the Sino-U.S. Shanghai Communique, an incident marking the new Sino-U.S. relations, which was signed when President Nixon visited China in February 1972. In Beijing, he will hold talks with leaders, including Deng Xiaoping, Zhao Ziyang, and Wu Xueqian, to discuss the development of Sino-U.S. relations and some incidents occurring respectively in China and the United States, such as Hu Yaobang's resignation and the difficulties encountered by President Reagan in the "Irangate" affair.

#### Mutual Understanding of Each Other's Political Situation [subhead]

In fact, China and the United States surely do not completely understand the incidents occurring on the other side. Since Hu Yaobang resigned his position as general secretary, many people of the government and the public of the United States have been concerned about whether or not this incident will affect reform and opening up in the future, and particularly about whether or not China's attitude toward foreign capital will change. Many people in the United States have also been concerned about whether or not China's intellectuals will be affected by "opposing bourgeois liberalization" after three persons, including Fang Lizhi, were expelled from the party.

Due to different national conditions, it is inevitable that the government and the public of the United States have felt concerned and have had questions. During his visit to China Shultz will, through direct talks between the two parties, get rid of misgivings about whether or not China's political and economic situation will change. China will also understand better the U.S. political situation since the U.S. Congress elections and Reagan's present difficult situation. The direct and frank talks between high-level leaders of the two countries will be conducive to strengthening mutual understanding and to further strengthening relations between the two countries.

**Sino-U.S. Relations To Continuously Develop [subhead]**

On the eve of Shultz' visit to China, China's Ministry of Foreign Affairs said: "Over the past 15 years since the signing of the Sino-U.S. Shanghai Communique, relations between the two countries have developed markedly. Sino-U.S. relations are now basically smooth and steady and continue to develop in some specific spheres." This is today's achievement, scored after concerted Sino-U.S. efforts over the past 15 years. Apart from visiting Beijing, Shultz will also visit places including Guilin, Dalian, Shandong, and Shanghai. From this visit to China, he will further understand China's resolve to adhere to reform and opening up. So far as China and the United States are concerned, Shultz' visit to China has new significance.

**HSIN WAN PAO Cites Communiques**

HK010912 Hong Kong HSIN WAN PAO in Chinese 1 Mar 87 p 1

[**"News Talk" column: "The Sino-U.S. Talks in the New 'Romance of the Three Kingdoms'"**]

[Text] U.S. Secretary of State Shultz arrived in Hong Kong the day before yesterday and left for Beijing this morning. He will make a short stay in Guilin and arrive in Beijing in the afternoon.

Shultz made his current visit on the occasion of the 15th anniversary of the signing of the Sino-U.S. Shanghai Communique. On 28 February 1972, former U.S. President Nixon visited China for the first time and signed the Shanghai Communique with Chinese Premier Zhou Enlai, which became a major international event.

The promulgation of this historic document reopened the door for friendly relations between the peoples of China and the United States and resumed contacts between the two countries on the opposite shores of the Pacific Ocean which were suspended for over 20 years.

Over the past few days, rallies have been held in both Beijing and Washington to mark the 15th anniversary of the signing of the communique. Han Xu, Chinese ambassador to the United States, and Lord, U.S. ambassador to China, attended the receptions, respectively.

In his speech made in Washington, Han Xu referred to the profound changes that have taken place in Sino-U.S. relations over the past 15 years. He attributed these to the communique. The improvement of Sino-U.S. relations, he said, conforms to the fundamental interests of the peoples of the two countries. It is also conducive to peace and stability in Asia and the world. So long as both sides make common efforts and abide by the principles expounded in the communiques signed by the two countries, the relations between the two countries will reach a new height within the next 15 years.

In his speech delivered in Beijing, Lord said that the relations between China and the United States have been firm. Tremendous political changes have taken place in the two countries over the past 15 years. However, the successive leaders of the two countries believed that the strengthening of Sino-U.S. relations would benefit the interests of each side, though they held different views on other issues. In accordance with the spirit of the Shanghai Communique, the differences between the two sides should be acknowledged and respected. Nevertheless, efforts should be made to smooth out the differences and to extend cooperation.

Although the speeches made by the two ambassadors are full of high-sounding words, they carry unsounded words if carefully deliberated. Lord admitted the difference of views between the two sides. Han Xu, however, said that the principles expounded in the communiquees signed by the two countries over the years have not been observed. His remark was aimed at the United States.

Nonetheless, the development of Sino-U.S. relations over the past 15 years since the signing of the Shanghai Communique has produced a great impact on the changes in the international situation. Take the current situation for example. The future developments of the complicated and confusing U.S.-Soviet relations and the positive progress made in border talks between China and the Soviet Union will be more or less related to the Sino-U.S. talks held on the occasion of the 15th anniversary of the signing of the Shanghai Communique.

Following the Sino-U.S. talks, Chinese Foreign Minister Wu Aueqian will leave for East Europe to make arrangements for Premier Zhao Ziyang's visit to five European countries.

According to the latest news, Moscow invited Premier Zhao to visit the Soviet Union during his tour to Europe. Although China declined, reports from the Soviet Embassy say that Moscow sent another invitation 3 days prior to Shultz's arrival in Beijing. We still have to judge the new "Romance of the Three Kingdoms" from the current talks and their consequences.

The key to bilateral relations between China and the United States still lies in the issue of "two Chinas." Following the personnel reshuffle at the White House, President Reagan has already become a "lame duck." Through the election last autumn, the Congress is now under control of the Democratic Party. The future developments of the United States merit attention.

#### CEREMONIES RECALL 1972 SHANGHAI COMMUNIQUE

##### Beijing Reception Held

GW271616 Beijing XINHUA in English 1524 GMT 27 Feb 87

[Text] Beijing, February 27 (XINHUA) — The basic common principles contained in the Sino-U.S. "Shanghai Communique" issued in 1972 not only laid down a solid foundation for the establishment of diplomatic relations between China and the United States but remain significant to this day in directing the development of bilateral relations.

This was stated by Huang Zhen, president of the China-U.S. People's Friendship Association, at a reception given by the [words indistinct] to mark the 15th anniversary of the issuance of the communique here today.

He said that in the past 15 years marked progress has been made in the friendly relations between the two countries and their peoples.

"This not only accords with the fundamental interests of the two peoples but also helps maintain peace and stability in Asia and the world as a whole," he added.

Huang, who is also a member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party, said, "it is our belief that so long as both sides abide by the principles set forth in the 'Shanghai Communique' and other communiqes jointly issued by the two governments, we are sure to overcome the difficulties and obstacles on our way forward, further enhance the friendship between our two peoples and achieve a sustained and steady development of our bilateral relations."

U.S. Ambassador to China Winston Lord said in his speech that the fabric of bilateral relations has shown sturdiness.

"During the past 15 years we have weathered political earthquakes and tremors in China and America," he said. "yet the successive leaders of both our nations, who have profoundly disagreed among themselves on other issues, have all seen it in the national interest to strengthen Sino-American relations."

"We should continue to acknowledge and respect these differences -- even as we did in the Shanghai Communique. But we should seek to narrow them wherever we can and broaden collaboration wherever we can," he said.

Among those present at the reception were Ma Haide (George Hatem), Sidney Shapiro and Israel Epstein, council members of the host association.

#### U.S. Activities Cited

OW281238 Beijing XINHUA in English 1225 GMT 28 Feb 87

[Text] Washington, February 27 (XINHUA) -- Some 350 people gathered at the Chinese Embassy here to mark the 15th anniversary of the signing of the historic Sino-U.S. "Shanghai Communique."

This evening's grand reception was highlighted by the presence of those who drafted and sealed the historic document and those who have made contributions to the development of relations between the two countries. They are U.S. former President Richard Nixon, former Secretary of State William Rogers who accompanied Nixon on his China visit, the then U.S. Vice President Walter Mondale at the time of normalization of Sino-U.S. relations as well as Secretary of Commerce Malcolm Baldrige & other senior government officials.

The grand reception was hosted by Chinese Ambassador Han Xu who took part in the reception of Nixon during his China visit and later served as deputy-chief of China's liaison office in the United States.

Former spokesman for the State Department Bernard Kalb, who covered Nixon's trip to China as an accompanying correspondent, displayed a 15-year-old copy of China's "PEOPLE'S DAILY" carrying a picture of Chairman Mao Zedong's meeting with Nixon. The picture attracted a large crowd of guests and awakened reminiscences of what happened 15 years ago.

Proposing a toast, Ambassador Han Xu said, "the world has witnessed mountains of diplomatic documents, but most fall into oblivion. Only a few rise in importance and stand the test of history. The Shanghai Communique is certainly among the latter."

"The basic principles jointly established by the two countries in the Shanghai Communiqué not only laid down a solid foundation for the formal establishment of diplomatic relations between China and the United States in 1979, but are also of great practical significance in guiding the development of the Sino-U.S. relations today," Han Xu said.

"Today, history shows that better Sino-U.S. relations are in the fundamental interests of the peoples of our two countries and are also conducive to the maintenance of peace and stability in Asia and the world as a whole," he said.

Concluding, Han Xu said, "during President Nixon's historic visit to China in 1972, redwood went to settle down in China's scenic city -- Hangzhou. These saplings have now grown into tall and sturdy trees. Sino-U.S. relations, like trees, need constant care. Let us, Chinese and Americans, all be hard-working gardeners."

Secretary of Commerce Baldridge, while addressing the gathering, eulogized Premier Zhou Enlai and ex-President Nixon as "men of vision" and recalled the great progress made in bilateral relations in the economic, cultural and scientific and technological fields between the two countries.

He then said, "things are working beyond the visions of the two leaders who signed the communiqué," and both sides "should be proud of what's happened in the last 15 years, and both will redouble their efforts to work even harder" to improve their relations.

Proposing a toast, Nixon said, "As I listened to the toasts, I remembered that night 15 years ago when I raised my glass in response to a toast by Premier Zhou Enlai.

"As I look back to 15 years ago, more progress has been made in our relations. No students from the People's Republic of China were studying in the U.S. then, but there are 17,000 today, and no American tourists in China then, but now 250,000 tourists went to China (every year) today. Virtually no trade then, but now over 8 billion dollars. Not enough. But at least far more than I expected."

"When we signed the Shanghai Communiqué on this day 15 years ago, there was no discussion of any significance about economic matters. As we look back, we find out what brought us together was our common strategic interests. But what keep us together now are our common economic interests. That's a very important difference.....because it builds for the future and it builds a better life for the Chinese people and our own people. And the more we can expand those interests, the closer our relationship will be."

Concluding his speech, the former president proposed a toast for the success of his historical visit to China.

XINHUA ROUND UP ON TOWER COMMISSION REPORT

OW270844 Beijing XINHUA in English 0754 GMT 27 Feb 87

["Round-Up: Special Panel Criticizes Reagan for Arms Deals -- (by Ma Shijun)" --  
XINHUA headline]

[Text] Washington, February 26 (XINHUA) — A presidential special review board probing the Iran-contra affair concluded today that U.S. President Ronald Reagan and many of his aides have "made mistakes".

The conclusion was announced by John Tower, former senator and chairman of the board, at a news conference one hour after the panel issued its more than 200-page report about the arms scandal.

The board was appointed by Reagan on November 26 a review the operations of and make recommendations on the role of the National Security Council (NSC), which was deeply involved in the Iran and contra affair.

"The Iran initiative an directly counter to the administration's own policies on terrorism, the Iran-Iraq war and military support to Iran," the panel said in the report summarizing the three-month investigation.

The report said, "The President did not seem to be aware of the way in which the operation was implemented and the full consequences of U.S. participation."

"Whatever the intent, almost from the beginning the (Iran) initiative became in fact a series of arms-for-hostages deals," it said.

President Reagan has said repeatedly that the arms sales to Iran was not to trade weapons for the return of American hostages, but to open relations with Iranian moderates.

"By his own account, as evidenced in his diary and the notes, President Reagan was deeply committed to securing the release of the hostages" held in Lebanon, the report said.

"It was this intense compassion for the hostages that appeared to motivate his steadfast support of the Iran initiative, even in the face of opposition from his secretaries of state and defense," the report said.

The report noted that the whole affair "still is an enigma ... the whole matter cannot be fully explained".

During its three months of investigation, the Tower Commission has interviewed about 60 people, including President Reagan and many present and former administration officials, but it failed to hear from former National Security Adviser John Poindexter and NSC Staff [member] Oliver North.

Poindexter and North, key players involved in the Iran and contra Affair, refused to answer inquiries by citing laws against self-incrimination.

Meanwhile, the commission was "unable to reach a conclusive judgment" about whether the 1985 shipments of arms to Iran were approved in advance by Reagan. The report said that "on balance the board believes that it is plausible to conclude that he did approve them in advance."

On the diversion of arms proceeds to the Nicaraguan contras, another key point in the arms scandal, Tower said the commission had failed to establish "what happened to the money".

"We are certain that the President had no knowledge of any diversionary effort," he added.

The report said "there was considerable evidence before the board of a diversion to support the contras -- possibly through the private network -- but the board had no hard proof and the amount of money involved could not be determined."

Tower told reporters that "the President made mistakes," but he added that the president was "poorly advised and poorly served" by many of his aides.

The report said, "A president must at the outset provide guidelines to the members of the National Security Council, his national security adviser and the National Security Council staff."

The panel said in its report, "if but one of the major policy mistakes we examined had been avoided, the nation's history would bear one less scar, one less embarrassment, one less opportunity for opponents to reverse the principles this nation seeks to preserve and advance in the world."

The Tower Commission report had harsh words for all the key officials involved in the Iran-contra affair, especially for White House Chief of Staff Donald Regan, widely rumored to be leaving his post in a few days.

"More than almost any chief of staff of recent memory, he asserted personal control over the White House staff and sought to extend this control to the national security advisor," the report said.

Regan, "as much as anyone, should have insisted that an orderly process be observed. ... he must bear primary responsibility for the chaos that descended upon the White House," it added.

Former CIA Director William Casey also was criticized by the report which said, "evidence suggests that he received information about the possible diversion of funds to the contras almost a month before the story broke. He, too, did not move promptly to raise the matter with the President."

It also said Poindexter "on several occasions apparently sought to exclude NSC principals other than the president from knowledge of the (Iran) initiative" and "failed grievously" to consider the gravity of the money transfer to the Nicaraguan contras.

As for Secretary of State George Shultz and Defense Secretary Caspar Weinberger, the report said they "distanced themselves from the march of events" and "were not energetic in attempting to protect the president from the consequences of his personal commitment to freeing the hostages.

An hour after receiving the report, President Reagan announced that he will address the nation next week and give the American people his response to the report.

Three major investigations -- the Senate Select Committee, the House Select Committee and an independent counsel -- are still looking into the Iran arms and contra aid affair.

RENMIN RIBAO COMMENTARY ON 'STAR WARS', TREATIES

HK010252 Beijing RENMIN RIBAO in Chinese 27 Feb 87 p 6

[Commentary by RENMIN RIBAO reporter Zhang Yunwan (1728 0336 2429): "'Star Wars' Program Near Decisive Stage"]

[Text] Washington, 24 February -- Since the first half of February, the Reagan administration's new moves on the strategic defense program have been the universal concern of people in the United States and abroad. Various indications show that the administration has been considering a renewed interpretation of the anti-ballistic missile treaty. According to a NEW YORK TIMES report, President Reagan has instructed the U.S. representative at the Geneva disarmament talks "not to negotiate and not even discuss restrictions stricter than new interpretations of the defense system." It was revealed that in "an order on a national security decision" signed early last week, President Reagan stipulated a deadline for consultations on anti-ballistic missile treaty allies and the Congress. The officials sent to consult with the allies are to give the President briefings before 2 March.

The above treaty signed between the United States and the Soviet Union in 1972 stipulates that both sides "not trial-manufacture, test or deploy sea, air, and space based or land motor vehicle based anti-ballistic missiles or parts." On the problem of interpreting the treaty, there was heated internal debate in the United States itself in 1985. At that time, this treaty was "interpreted in a broad sense," with the trial manufacture, testing and deployment of anti-ballistic missiles and parts permitted. But due to strong reaction from inside the administration and outside, the White House out of prudence decided to proceed with things according to interpretation in a narrow sense or according to traditional interpretation. It is held that the administration has now further raised this question for military and technical reasons. But the main reason is that it is being dictated by political needs.

Since President Reagan put forward the Strategic Defense Initiative in March 1983, there has been a difference of opinion in the United States. The Congress has kept calling for restrictions on this plan. It has once and again slashed appropriations for the "Star Wars" program. Since the Democratic Party gained the majority in the Senate and cast doubt on this plan, the attitude of opposition has been gathering momentum. Due to the short time remaining in Reagan's term of office, the conservative forces in the Republican Party and the administration have deeply feared for the gradual loss of influence over this plan. Lest there be any change, they have tried hard to speed up the testing of the "Star Wars" weapons and deploy the defense system ahead of schedule as fait accompli. At the end of last year, the group headed by Defense Secretary Weinberger began drumming up support for the deployment ahead of some strategic defense systems and publicizing the "important progress" in anti-missile interception weapons. It was declared that the space deployment of the first phase of the "Star Wars" system could be carried out in 1994.

Deployment ahead of schedule inevitably involves the question of the anti-ballistic missile treaty. Providing new explanations for the treaty reduces the political risks and also serves to turn on the green light for a series of tests in the Defense Department's plan.

U.S. public opinion holds that there is another reason why the administration has now raised the question of newly interpreting the 1972 treaty. This is to divert the attention from the "Irangate" incident. The "Irangate" incident quieted down for a while during Christmas and the period of Reagan's surgery. Now given the presidential investigation committee, the Congress's special investigation committee, and the development of special prosecutorial work, the incident has been in the news again. It is reported that the investigation committee appointed by the President will soon make public a strongly worded report in condemning White House officials. Chief of Staff to the President Regan has been condemned for the improper handling of the "Irangate" incident. The story about his being forced to resign has been in circulation. A series of incidents, such as the attempted suicide of McFarlane as the center of the "Irangate" incident, the exposure by his secretary of North's destroying of documents, and so forth, have given people an impression of a government being quite non-plussed. Stepping up the pace of important moves on arms control can divert people's attention.

Like the U.S. announcement last year of being no longer restrained by the 1979 nuclear treaty, such an important move as the change in the interpretation of the anti-ballistic missile treaty being discussed has aroused strong reaction in the United States and abroad. In a letter to Reagan, Chairman of the Senate Armed Services Committee Nunn raised a warning against this planned action: Failure to consult with the Congress and unilateral abolition of a treaty approved by the Senate smacks of "an end to arms control" during the term of Reagan's office and will touch off a "profound constitutional crisis" between the White House and the Congress. Such a move of the administration is also contrary to the promise Reagan made to Lady Thatcher in 1985. At that time, it was arranged through discussions that the allies should be consulted before the deployment of the strategic defense system. It was reported that Secretary of State Shultz has agreed to provide new explanations for the treaty but he favors temporarily putting off the decision on the deployment of the defense weapons system ahead of schedule. He urges continuation of "Star Wars" research and trial manufacture-related work within the framework of the U.S.-Soviet negotiations. Shultz has prevailed upon Reagan to temporarily withhold a decision until after consultations with the Congress and the allies. Now it appears that the Reagan administration obviously wants to step up the process of consultation. In a strong reaction not long ago, the Soviet Union pointed out that a new interpretation of the 1972 treaty was "strangling the treaty and strangling arms control." The Soviet reaction has undoubtedly made things more complicated, thus further giving rise to unease and worries of the American public.

USSR COMPROMISE IN PRC BORDER TALKS EXPECTED

OW281257 Tokyo KYODO in English 1250 GMT 28 Feb 87

[Text] Beijing, Feb. 28 KYODO -- The Soviet Union may offer a drastic compromise to China in the next round of Sino-Soviet border negotiations scheduled to be held in Beijing this summer, an Eastern bloc diplomatic source here said Saturday.

Moscow is certain to put forward a drastic compromise with regard to several places, especially on the eastern frontier, on the 33,500-square-kilometer border area which the Chinese describe as a disputed zone, the source predicted.

Soviet leader Mikhail Gorbavhev hopes for big progress in the bilateral border talks, which were resumed in Moscow on February 9 after a nine-year lapse, and wants to use them as a means of improving Beijing-Moscow relations, the source speculated.

Though the timetable for the second round of the resumed border talks has not been announced, the source predicted they would be held here around August. As in the previous round in Moscow, Vice Foreign Ministers Qian Qichen and Igor Rogachev will lead the delegations.

Chinese delegate Qian, who returned home Tuesday after the Moscow round, said the talks achieved "a good beginning."

The Soviet attitude of compromise seems to have surprised the Chinese delegation, the Eastern bloc diplomatic source said.

The forthcoming round in Beijing is expected to center on the eastern frontier, including Zhenbao Island (or Demanskiy Island as it is called by the Soviets) in the Ussuri River, where an armed clash broke out between Chinese and Soviet border guards in 1969, according to the source.

The expected compromise offered by the Soviet side would be based on Gorbachev's Vladivostok speech last July, the source speculated.

Viewing the matter from a long-range perspective, the two countries would no doubt reach a full-scale accord in the border talks, though currently Beijing appears not to desire too speedy a rapprochement in relations with the Soviets, the source said.

Recent Talks Cited

HK280320 Hong Kong WEN WEI PO in Chinese 28 Feb 87 p 2

[Editorial: "The Serious and Frank Sino-Soviet Border Talks"]

[Text] The PRC and the USSR held 15 rounds of talks on the border issues between September 1969 and May 1978. Prior to this, Sino-Soviet armed conflicts on Zhenbao Island and in the Tieliekehti area in Xinjiang had broken out, and the situation was touch and go. Talks then served only to relax the tense atmosphere, and to avoid their developing into a large-scale war. Later, the Soviet Union signed a military mutual-aid treaty with Vietnam, urging the latter to harass the Chinese border, and dispatched its troops to invade and occupy Afghanistan; thus the Sino-Soviet border talks could no longer be carried on.

Nine years later, the Sino-Soviet border talks resumed. Compared with the previous talks, the atmosphere was greatly different. Gorbavhev declared that the Soviet Union would "take the main channel of the river as the border line," and withdraw from the Soviet position that no border issues exist between the PRC and the USSR other than issues in technical delimitation, and accepted the Chinese basic proposal; this stimulated the resumption of the Sino-Soviet talks. The first round of talks lasting 15 days in Moscow has recently concluded. According to a Beijing report, the talks were "serious" and "frank," and "the two parties are satisfied with the resumption of the Sino-Soviet border talks." The important thing does not lie in achieving an immediate agreement, which is impossible, but regarding the talks as a survey instrument to observe the changes in Sino-Soviet relations. "Serious" and "frank" talks have shown that the Soviet Union is beginning to show sincerity in its talks and to seek solutions to the issues. This is precisely the difference between the current round of Sino-Soviet talks and the previous ones.

The Beijing report mentioned, "The two parties have decided through consultation to discuss the entire alignment of the boundary line between the two countries, beginning with the eastern section of the boundary."

The entire length of the Sino-Soviet boundary line is 7,500 km, which is the longest in the world. "The treaty of Nibchu" has designated the eastern section of the Sino-Soviet boundary line, but it was sabotaged by "The Treaty of Aihui" and "The Sino-Russian Treaty of Beijing" drawn up later, which resulted in the loss of large areas of Chinese territory. Proceeding from realities, China is not attempting to recover the occupied territory as defined in the treaties in question, but demands to hold talks on, and to deal with those occupied areas not included in the treaties. According to various data, the following sections are involved.

The more than 600 islands along the courses of the Heilong Jiang and the Usuri River, including the Fuyuan delta at the confluence of the two rivers; the 64 villages in the Jiandong area; Manzhouli; and the undefined area in Pamir.

If the proposal of taking the main channels of the boundary rivers as the boundary line is strictly followed, the issue will not be too difficult to solve. Although the rivers take a tortuous course, and the islands are not always visible, which will cause technical difficulties in surveying, some principle to be followed does exist. The difficult problem lies in the Fuyuan delta, the piece of fertile land covering an area of 350 square km, which is close to Khabarovsk, a place of strategic importance and military significance to Soviet Union in the Far East; it will be a test for the Soviet Union whether it will genuinely stick to the principle.

Regarding the 64 villages in the Jiandong area, even in the unequal "Treaty of Aihui," it is explicitly stipulated that they are inhabited and administered by the Chinese, which the Russians "should not violate." However, the area stands isolated on the northern shore of the boundary river, and is located deep in Soviet territory.

Manzhouli is located at a place where China, the Soviet Union, and Mongolia share a common boundary; it was invaded and occupied by the Russians in the early 20th century, but the central government of China has never acknowledged this.

The undefined area in the Pamirs involves an area of more than 20,000 square km, which is to be defined.

The delimitation of the boundary will start with the eastern section, where it may be comparatively easier to reach an agreement. A solution to the eastern section will create a relaxed atmosphere for Sino-Soviet relations. But of course, the genuine improvement of Sino-Soviet relations will depend on the solution to the stationing of troops on the border, the Indo-Chinese issue, as well as the Afghanistan issue, and it will be a slow and arduous course.

NEWS ANALYSIS OF NEW SOVIET STAND ON EUROMISSILES

OW011547 Beijing XINHUA in English 1526 GMT 1 Mar 87

["New Analysis: Why Moscow Changes Stand on Euromissiles (by Tang Xiushan)" -- XINHUA headline]

[Text] Moscow, March 1 (XINHUA) — Soviet leader Mikhail Gorbachev's new proposal on disarmament Saturday is the first step his country has taken since the two superpowers came to an impasse at their Reykjavik summit last October.

The Soviet Union suggests that the issue of medium-range missiles deployed in Europe be singled out from the package proposal it sold hard at the summit and that a separate accord on the issue be reached without delay. This indicates another change in Moscow's stand on the issue.

When the Soviet Union and the United States decided to resume negotiations on disarmament in January 1985, the former insisted on a blanket settlement of the issues of strategic and medium-range nuclear weapons, including British and French nuclear forces, and the U.S. Strategic Defense Initiative (SDI). Gorbachev visited France in October 1985, suggesting that the issue of medium-range missiles be settled through separate talks, and that the issue of British and French missiles be negotiated between the two countries and the Soviet Union. Later it agreed that British and French missiles might not be taken into account in the bargains if they were not to be increased.

At the Reykjavik summit last October, the Soviet side insisted on the terms it had put forward in January 1985. But it agreed not to take into account the missiles of Britain and France, nor to illegalise their increase.

Why the Soviet Union has again changed its stand on the issue of Euromissiles?

First, while the Soviet Union insisted on its package proposal after the Reykjavik summit, the United States would not budge an inch on its SDI. U.S. President Ronald Reagan, in his recent State of the Union message, reaffirmed Washington's determination to continue with the SDI program. Under such conditions, the Soviet Union singled out the Euromissiles for a breakthrough from the impasse. The latest Soviet concession will help improve Soviet-U.S. relations and the international atmosphere as a whole.

Secondly, the Soviet Union used to inter-relate strategic and medium-range missiles and SDI for the purpose of forcing the United States to give up SDI. Its present proposal still inter-relates strategic missiles and SDI. To single out medium-range missiles from the package proposal will not affect the Soviet objective.

Thirdly, the U.S. Pershing II and cruise missiles, though considered as medium-range missiles, can reach the heartland of the Soviet Union, while the Soviet SS-20 missiles are unable to get to the United States. If the two superpowers completely eliminate their medium-range missiles deployed in Europe, it will remove a key component of U.S. military presence from the continent, while the Soviet Union's own security will remain ensured by a conventional force superior in strength. Moreover, removal of the U.S. nuclear umbrella will weaken the military relations between the U.S. and Western Europe.

Lastly, the Soviet Union holds that it had identical views with the United States on the elimination of Euromissiles and that they failed to reach an agreement simply because of disputes on the SDI. Therefore, it deems it possible to reach a separate accord on Euromissiles now. If it is successful, it will create a good atmosphere for solving the other issues and even promoting Gorbachev's chances to visit the United States. In his report to the 27th Congress of the Soviet Communist Party last March, Gorbachev said that he could not visit the U.S. unless there were some concrete results in disarmament, at last an agreement on the halting of nuclear tests and the elimination of Euromissiles deployed in Europe by the two sides.

How the United States and its European allies are going to respond to the Soviet new proposal will remain to be seen.

#### XINHUA VIEWS SHEVARDNADZE'S ASIA-PACIFIC TOUR

0W010900 Beijing XINHUA in English 0851 GMT 1 Mar 87

[*"Soviet Foreign Minister Begins Asia-Pacific Tour (by Mao Zhangyin)" -- XINHUA headline*]

[Text] Beijing, March 1 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze's Asia-Pacific tour starting Monday is believed to be part of Moscow's effort to seek expanded economic exchanges and also a diplomatic drive in connection with the Kampuchean problem.

The tour will begin with a five-hour stopover in Bangkok before he flies to Australia. He will have a two-day stay in Indonesia, followed by a journey to Hanoi, Phnom Penh and Vientiane in Indochina.

Moscow's increased interest in the Asian-Pacific region is coupled with the changes emerging in the political and economic situation there.

The Southeast Asia and Pacific region is one of strategic importance where the United States has maintained a strong influence for a long time. However, since New Zealand refused entry into its port by U.S. warships carrying nuclear arms in 1985, relations between the two countries have strained. In the meantime, Washington's refusal to sign the South Pacific Nuclear-Free Zone Treaty aroused great dissatisfaction among the countries in the pacific. Furthermore, the U.S. trade protectionism which forced sharp cuts in imports from ASEAN and other Pacific countries, further harmed Washington's trade ties with these countries. All this provided a good change for the Soviet Union to make headway in this part of the world.

In 1983, the Soviet Union normalized its relations with Australia, which have since developed in culture, science, sports and tourism.

Moscow has also improved its relations with Indonesia in recent years. In October 1985 a Soviet deputy premier visited Jakarta. Under an economic and trade agreement signed during the trip, the Soviet Union for the first time in two decades offered 60 million U.S. dollars in economic aid to Indonesia. Two-way trade which has always been in Indonesia's favor, was estimated at 200 million U.S. dollars last year.

Besides, the Soviet Union has succeeded in furthering relations with a number of island countries in the Pacific.

Washington has been alarmed by the expansion of Soviet influence in this region while others are also concerned about what the Soviets are prepared to do there. When Moscow was reported to have won a permanent right of access to Vietnam's port Cam Ranh Bay, countries in the region became more vigilant over the Soviet military presence. In a recent editorial "THE AUSTRALIAN" called on the government "to recognize this reality and shape new strategic and diplomatic policies that both acknowledge and aim to meet this threat."

Signs show that the Kampuchean issue will be a main topic for discussions during Shevardnadze's visit. It is clear to all that withdrawal of Vietnamese troops from Kampuchea is the key to any political settlement of the issue. The Coalition Government of Democratic Kampuchea has once again called on Moscow to stop its support for Hanoi's occupation of Kampuchea and reconsider its response to the eight-point peace proposal put forth by the coalition government last year for the purpose of settling the issue by peaceful means. This proposal, together with related resolutions adopted by the United Nations, is seen as the basis for a settlement of the issue.

Therefore, the people of the world, especially in the Asian-Pacific region, are interested in what Shevardnadze is going to say on this issue. The result of his tour will perhaps give a clue to Moscow's "sincerity" on the matter.

#### SOVIET FILM FESTIVAL OPENS IN BEIJING 2 MAR

OW021048 Beijing XINHUA in English 1030 GMT 2 Mar 87

[Text] Beijing, March 2 (XINHUA) -- A retrospective of 20 Soviet films from the 1960s to the 1980s opened here today.

About 1,000 people attended today's opening ceremony and viewed the 1983 film, "Scarecrow", which deals with the dark side of the psychology of teenagers.

Having various artistic characteristics and reflecting various slices of life, the films will also be shown in Shanghai, Guangzhou, Changchun, Xian and Chengdu.

I. 2 Mar 87

PRC INTERNATIONAL AFFAIRS  
SOUTHEAST ASIA & PACIFIC

E 1

FURTHER REPORTAGE ON VISIT OF, THAI CROWN PRINCE

Leaves Beijing

OW261114 Beijing XINHUA in English 1054 GMT 26 Feb 87

[Text] Beijing, February 26 (XINHUA) -- Thai Crown Prince Mahidon Wachiralongkon and his party left here for Shenyang this afternoon.

Chinese Vice-Premier Wan Li went to the state guesthouse to see the Thai visitors off. Wan Li presented to the prince an album containing his photos taken during his stay in Beijing.

Chinese State Councillor and Foreign Minister Wu Xueqian met and feted the Thai prince and his party here earlier today. The prince also visited an art and craft factory here this morning.

Arrives in Shenyang

OW261310 Beijing XINHUA in English 1259 GMT 26 Feb 87

[Text] Shenyang, February 26 (XINHUA) -- Thai Crown Prince Mahidon Wachiralongkon arrived in northeast China's industrial city, Shenyang, from Beijing this afternoon. The prince was greeted at the airport by local officials.

This evening, acting governor of Liaoning Province Li Changchun gave a banquet in honor of the Thai prince.

The prince will visit the Shenyang Aircraft Company and a park here tomorrow.

Visits Aircraft Plant

OW271433 Beijing XINHUA in English 1304 GMT 27 Feb 87

[Text] Shenyang, February 27 (XINHUA) -- Thai Crown Prince Mahidon Wachiralongkon and his party today visited the Shenyang Aircraft Plant accompanied by Zuo Kun, vice-governor of Liaoning Province.

Wearing a leather jacket, the prince climbed up a plane that had just landed after a test flight and chatted with the pilots.

The prince also visited a number of tombs built from 1643 to 1651 in the northern part of this northeast China city.

PRC CLAMPDOWN ON INTELLECTUALS TO EXPAND

HK271254 Hong Kong AFP in English 1243 GMT 27 Feb 87

[Text] Hong Kong, Feb 27 (AFP) — China's campaign against bourgeois liberalisation has developed into a broader drive to muzzle liberal writers and artists, the Hong Kong-based news magazine ASIAWEEK reported in its latest edition.

Beijing's Propaganda Department two weeks ago assumed "direct control" of the China Federation of Literary and Art Circles (CFLAC), an influential literary umbrella organization formerly under the Culture Ministry, ASIAWEEK said in an issue due to be published Saturday, quoting sources.

The weekly said the takeover of the federation was staged by followers of China's "arch-conservative commissar Deng Liqun," who holds number of influential posts including the leadership of the Chinese Communist Party's Leading Group for Education of Cadres.

The report named one of Mr Deng's associates as Deputy Propaganda Chief He Jingzhi, who on February 18 announced to top CFLAC cadres that the Propaganda Department would henceforth "assume direct control" of the federation.

Mr He also said "work teams" from his department would be sent to all CFLAC units "either to reorganise the personnel of their existing party committees or to set up new ones," the report added.

ASIAWEEK said that the latest moves indicated that the campaign against bourgeois liberalisation had expanded into a "broader drive to muzzle liberal writers and artists."

Referring to criticism of author Ma Jian last week over a story which Beijing said vilified the Tibetan nation, ASIAWEEK said that "the commissars seem to have contravened the interdiction of acting party chief Zhao Ziyang against extending the anti-liberalisation campaign beyond the party's ranks and ideological issues."

Mr He said February 18 that "beyond the three intellectuals already criticised, no more comrades will be named," but added "even if certain (cultural figures) are criticised, it will be over questions of different viewpoints" and they would be able to make "counter-criticisms," ASIAWEEK said.

BOLD SCIENTIFIC ACADEMIC DISCUSSIONS URGED

OW271413 Beijing XINHUA in English 1235 GMT 27 Feb 87

[Text] Beijing, February 27 (XINHUA) — Chinese scientists should be free to air their views on academic topics, Fang Yi, a member of the Political Bureau of the Chinese Communist Party and State Councillor, said here today.

Speaking at the second session of the Third National Committee of the China Association for Science and Technology, Fang Yi pointed out, "We must continue to 'let hundred schools of thought contend' while adhering to the four cardinal principles".

He said, "Natural science is an undertaking which explores the unknown, and scientific personnel should create a harmonious atmosphere of lively academic discussion."

Fang reiterated, "Neither now nor in the future will our party change its policy towards intellectuals, or will it stop encouraging talented individuals and the spread of knowledge. China's intellectuals and scientific personnel should hold on to the spirit of dedication, originality, and modernization drive."

SCIENCE OFFICIAL COMMENT ON ACADEMIC FREEDOM

HK280806 Beijing CHINA DAILY in English 28 Feb 87 p 1

[by staff reporter Dong Lisheng]

[Text] The Chinese Communist Party's policy of respecting intellectuals and encouraging them to exploit their talents will never change, Fang Yi, member of the Political Bureau of the Party Central Committee, said in Beijing yesterday.

Addressing the opening session of the Second Plenum of the Third National Committee of the Chinese Scientific and Technological Association, he said while combating bourgeois liberalization, "we must continue to implement the principle of 'letting one hundred flowers blossom and one hundred schools of thought contend' while adhering to the four cardinal principles."

"All of our work and policies must be conducive to the full manifestation of scientists' and technicians' creative ability," said Fang, who is also State Councillor.

As natural science probed into the unknown, he continued, scientists must be encouraged to be bold in dealing with the academic problems, and to be ready to express different views and understandings. In this way, an academic atmosphere of discussion, contention and co-operation would be strengthened, he added.

In his work report to the session, Qian Xuesen, chairman of the association, pointed out that "the academic freedom that we support differs from the bourgeois liberalization advocated by some individuals, which in nature aims to negate the Communist Party's leadership and to oppose the path of socialism.

"There will be no future for China without the party's leadership and taking the socialist road," he said.

While opposing the advocacy of bourgeois liberalization under the pretext of academic freedom, Qian said, "We must never label rashly the different views and understanding over academic problems of natural science as advocating bourgeois liberalization."

Qian Xuesen said the major activities that the third committee had put forward last June were underway. He listed some of them.

-- The series of symposiums on developing new and high technology had started. Multi-discipline conference has been held on new science and technology and area development strategy.

-- Provincial branches of the association had made concrete plans from helping 10,000 medium-sized, small and township enterprises to improve their economic results. The association decided to help Shenyang branch play a better role and then provide experience to other cities.

-- The association had chosen the Luliang Mountains as the first area to be helped in eradicating poverty through using science and technology. A three-year plan had been worked out.

-- A detailed plan had been made for compiling "Biographies of Chinese Scientists."

#### EXPelled WRITER FANG LIZHI GIVES PHYSICS REPORT

OW281244 Beijing XINHUA in English 1238 GMT 28 Feb 87

[Text] Beijing, February 28 (XINHUA) -- In his first public appearance since being expelled from the Communist Party, Fang Lizhi, former vice-president of the Chinese Science and Technology University, gave a report on the development of modern physics here today.

Fang gave the report along with ten other Chinese physicists at the academic session which started today. Other papers involved the fields of nuclear physics, high-energy physics and shock wave physics.

The former president of the Chinese Science and Technology University, Guan Weiyan, hosted today's morning session.

The academic session is part of the Fourth National Congress of the Chinese Physics Society which opened on Thursday. More than 200 Chinese physicists from all over the country listened to the report of the society's work. Delegates will elect a new board of directors and hold other academic meetings.

#### NOVELLA CRITICIZED FOR INSULTING TIBETANS

OM010716 Beijing XINHUA in English 0658 GMT 1 Mar 87

[Text] Beijing, March 1 (XINHUA) -- "Socialist literary works should be conducive to the unity of the various nationalities rather than undermining it," said Tang Dacheng, a member of the Secretariat of the Chinese Writers' Association, in an interview with BEIJING REVIEW.

He gave this remark while commenting on a novella "Show the Coating of Your Tongue", which, by Ma Jian, 34, a former member of the Chinese Photographers' Association, is full of descriptions of sex, adultery and incest.

"Written in the first person and based entirely on hearsay, the novella wilfully distorts social customs in Tibet and tarnishes the image of the Tibetan people with sensational language," he was quoted as saying in BEIJING REVIEW magazine, which comes off tomorrow.

The publication of the novel in the combined first and second issue of PEOPLE'S LITERATURE JOURNAL this year, has aroused great indignation among Tibetan compatriots, who said the author not only defamed and insulted the Tibetan people but also the dignity of the Chinese nation.

The novella is really "a horrifying piece that vilifies the Tibetan people," Tang Dacheng added.

The issue was not a simple question of literary criticism but a serious one that might cause dissension between the nationalities and must thus be dealt with seriously, he said.

When asked whether the case was related to the opposition to bourgeois liberalization, Tang said that the case of Liu Xinwu, editor-in-chief of the PEOPLE'S LITERATURE journal, is completely different from that of journalist Liu Binyan.

"When we say the case is in effect an inevitable result of the ideological trend towards bourgeois liberalization, we do not mean that Liu Xinwu himself or the novella deliberately advocated bourgeois liberalization, but the ideological trend towards bourgeois liberalization and other erroneous ideas had caused ideological confusion among the journal's editorial staff which resulted in the publication of the novella," Tang said.

Liu Xinwu's case was unique -- the publication of a bad literary work, which adversely affects national unity and hurts the feelings of a minority people, he said, but adding that it was a mistake in work and should not be put on a par with Liu Binyan's case.

When asked about Liu Xinwu, Tang said he has only been suspended from his post as editor-in-chief of the journal and not removed, and this does not affect his literary activities as a writer.

Moreover, criticizing the novella does not mean that the writers should avoid writing about backward phenomena in society, he said. The important thing is what attitude the writers adopt.

"That is why we say the novella has departed from the principles for socialist literature and art," Tang stressed.

#### BONZOI STRESSES UPHOLDING MARXISM-LENINISM

0W280920 Beijing XINHUA in English 0907 GMT 28 Feb 87

["'Marxism-Leninism, Mao Zedong Thought Underpin China's Progress'" -- XINHUA headline]

[Text] Beijing, February 28 (XINHUA) -- As one of China's four guiding principles, the theory of Marxism-Leninism and Mao Zedong Thought is the theoretical basis and guidance for the other three cardinal principles -- adherence to the people's democratic dictatorship, the socialist road and the leading role of the Communist Party, according to "RED FLAG".

A commentary in the latest issue of the Chinese Communist Party theoretical journal says, "The Chinese Communist Party is armed with Marxism-Leninism and Mao Zedong Thought, the people's democratic dictatorship is based on the Marxist-Leninist theory of the state, and the socialism with unique Chinese characteristics we are building is based on scientific socialism."

History has decreed that China's revolution and construction have been made possible only by the application of Marxism-Leninism and Mao Zedong Thought, according to the commentary.

Reviewing modern history, the commentary said that Marxism was introduced to China along with other doctrines, including bourgeois democracy, pragmatism, reformism, state socialism and anarchism. Only Marxism was accepted by the Chinese people as the guideline for their revolution.

Marxism enlightened the Chinese people, who combined it with China's reality and created Mao Zedong Thought, which formed the basis of the practice and development of Marxism-Leninism in China.

The commentary continued: "Since the Third Plenary Session of the party's 11th Central Committee in December 1978, we have combined the study of Marxism-Leninism and Mao Zedong Thought with our own creativity to build socialism with unique Chinese characteristics."

"Under the guidance of this theory, China has achieved tremendous progress in carrying out nationwide reform and adopting the policies of further opening to the outside world while enlivening the domestic economy. Facts have proved that Marxism-Leninism and Mao Zedong Thought have enabled China to become a socialist country, and are vigorously guiding its socialist tasks."

The commentary called on communists to adhere to Marxism-Leninism and Mao Zedong Thought by conscientiously studying and mastering their stand, viewpoints and methods.

#### LEADERS ATTEND MEETING MARKING TAIWAN UPRISING

OW280127 Beijing XINHUA Domestic Service in Chinese 1424 GMT 27 Feb 87

[By reporter Fan Liqing]

[Excerpts] Beijing, 27 Feb (XINHUA) -- Nearly 200 Taiwanese compatriots in the capital gathered in the Taiwan Room of the Great Hall of the People this afternoon to convene a meeting to mark the 40th anniversary of the well-known "28 February Uprising" in Taiwan. The meeting mourned those who laid down their lives during the uprising and saluted those who participated in the uprising and survived.

Attending the meeting were Hu Qili, Chen Pixian, Deng Liqun, Peng Chong, Zhou Peiyuan, Yang Mingfu, Zhou Shaosheng, and responsible persons of various democratic parties.

The meeting was presided over by Su Ziheng, chairman of the Council of General Office of the Taiwan Democratic Self-Government League. [passage omitted]

Huang Shunxing and Zhang Chunnan, patriotic personnel who came from Taiwan to settle on Mainland China, also spoke at the meeting, introducing the "28 February Uprising" and the situation in Taiwan's society.

Chen Bingji, Ye Jidong, Cai Tongzheng, Weng Zhaoqi, Fang Sheng and others who had participated in the uprising also spoke at the meeting. Right now, there are nearly one hundred participants of the "28 February Uprising" on the mainland of the motherland.

This meeting was sponsored by the Taiwan Democratic Self-Government League, the All-Students Association.

#### OVER 50 MILLION GET IDENTIFICATION CARDS

OW281110 Beijing XINHUA in English 1044 GMT 28 Feb 87

[Text] Beijing, February 28 (XINHUA) -- Identification cards have been issued to more than 50 million people, mainly in the major cities such as Beijing and Shanghai.

Ruan Chongwu, minister of public security, said at a telephone meeting yesterday that the work of issuing identification cards is under way in most of the provinces, autonomous regions and cities directly under the central government.

He said that the task is expected to be completed by 1990. This year the cards will be issued to about 200 million people in medium-sized and small cities, and developed countries. The people in rural areas will get their cards after 1987.

The cards are useful for collecting money remittances and postal materials, buying airplane tickets, marriage registration and applying for business licenses.

Wang Shuming, deputy secretary-general of the State Council, said that a reform of the census registration system is necessary to keep pace with the booming commodity economy, as people are becoming more mobile.

The identification cards are easy to carry around and hard to forge, and are recognised throughout the country, Wang said.

#### DOMESTIC MEDICINES WIN NATIONAL QUALITY AWARDS

OW272023 Beijing XINHUA in English 1458 GMT 27 Feb 87

[Text] Beijing, February 27 (XINHUA) — Last year, seven domestically-produced medicines won national quality awards, today's "ECONOMIC DAILY" reported.

Shi Huan, deputy-director of the State Pharmaceutical Administration said, "Since 1981, 360 million yuan (97.3 million U.S. dollars) was allocated for the technological upgrading of Chinese pharmaceutical [words indistinct] to improve medicine quality."

"Advanced technological processes and quality control standards have been introduced," Shi said, "and now 262 different medicines have received awards."

One of the gold medal winners, a brand of ginseng royal jelly manufactured by a pharmaceutical factory in Harbin, helped the factory earn profits and taxes of five million yuan (1.4 million U.S. dollars) in 1986, 80 percent of the factory's total, according to the report.

#### LIAOWANG ASSERTS OPEN POLICY TO REMAIN UNCHANGED

HK271242 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 8, 23 Feb 87 pp 7-8

[Article by Li Qin (2621 0530): "China's Policy of Opening to the Outside World Remains Unchanged" — capitalized passages published in boldface]

[Text] At the end of last year and the beginning of this year, a personnel change took place in the top CPC leadership.

While some foreign personages are taking a wait-and-see attitude toward the development of events in China, some overseas businessmen of insight are hoping for time to continue to do "business" with China.

On 18 January, one day after the communique of enlarged session of the party Central Committee Political Bureau was issued, Fuzhou City welcomed its foreign guests for trade talks amid bursts of firecrackers. Entrepreneurs from over 10 countries and regions, from Hong Kong and Macao, Overseas Chinese entrepreneurs, and representatives from eight cities of China converged here to seek trade cooperation. During the 5-day long trade talks, they signed 32 contracts, 41 agreements and 58 protocols, with a total investment of over 400 million yuan and foreign funds of \$44 million. In addition, they also concluded 23 contracts for processing with supplies materials, drawings and samples, and assembling with supplies parts, and 25 foreign trade contracts.

Taking a comprehensive look at the whole country from south to north, we found that Guangzhou, Beijing, Dalian and some other cities were visited by a number of foreign investors coming to court trade partners. In Shanghai alone, in the first month of this year year, seven foreign enterprises signed contracts with the city for joint venture and trade cooperation, totalling to an investment of \$26 million.

Both Chinese and foreign economists here said these foreign businessmen are, no doubt, farsighted.

#### DENG XIAOPING AND ZHAO ZIYANG STRESS THAT NO CHANGE WILL BE MADE IN THE OPENING UP POLICY

Should we close our country to external contacts or open it to the outside world? Eight years ago China made known its own choice to the world. The "hinge of the door" which had opened China to the outside world did not work very well for many reasons, yet the door linking one-fourth of mankind with the outside world creaked open after all. As long as the door opened, it will certainly open wider and wider. It can be said that the opening up policy as a national policy has taken root in China. Closing our country to external contacts once again is not realistic and does not tally with the general trend of history.

After the personnel change in the top CPC leadership, Deng Xiaoping made it clear time and again that no change will be made in China's foreign policy. In meeting with Finnish Communist Party Chairman Arvo Aalto, Deng Xiaoping stressed: China's current policies are successful, especially the policy of carrying out reforms and of opening up to the outside world. During his talks with Zimbabwe Prime Minister Robert Mugabe, he further pointed out: If we say there are deficiencies in our opening up policy, the main thing is that the door is not open wide enough.

When he met foreign guests for the first time in the capacity of both Acting General Secretary of the CMC Central Committee and Prime Minister, Zhao Ziyang also made it clear that the recent personnel change in the party's leadership will not affect China's present policies. Its opening up policy will remain unchanged, instead of changing it, efforts will be made it develop it in breadth and depth.

Addressing a Spring Festival get-together in Beijing on 29 January, Zhao Ziyang reaffirmed this view. He emphasized that no change will be made in China's comprehensive reform or the policy of opening up to the outside world.

The basic position made known by Chinese leaders is firm and unshakeable.

## LATEST INFORMATION FROM NATIONAL CONFERENCE ON SPECIAL ECONOMIC ZONES

From 6 to 10 February the annual national conference on the special economic zones was held in Shenzhen as scheduled. The state Council decided in 1985 that the special economic zones should hold a meeting in Shenzhen every year. The recent meeting was the third one, which was attended by representatives from China's four existing special economic zones -- Shenzhen, Zhuhai, Shantou and Xiamen.

The meeting was presided over by state Councilor Gu Mu who is in charge of China's affairs in opening up to the outside world. At the meeting, he reaffirmed that China's opening up policy will remain unchanged and the special economic zones will implement more "special" policies in the future. At the same time, Gu Mu revealed: In the first quarter of this year, the State Council will make public more than ten detailed rules and regulations such as "procedures of the bank of China for offering commercial credit to foreign investors," "procedures for using domestic products as substitutes for import," "rules for ratio to aggregate investment," and "procedures for administration of Chinese staff hired by foreign enterprises." All these will help China implement its opening up policy better than before.

Referring to the "22 rules" made public by the State Council last year for giving preferential treatment to foreign investors, Gu Mu said that the rules are being enforced one by one in many cities of our country.

At present the special economic zones office under the State Council and the department concerned are examining the enforcement of the "22 rules" in the special economic zones and coastal open cities. No doubt, this is one of the measures taken by the Chinese Government to attract foreign business.

## THERE ARE SOLID FOUNDATIONS, OPENING UP TO THE OUTSIDE WORLD WILL NOT BE REVERSED

It must be noted that since the special economic zones were designated in 1979, China has built a multi-level pattern of opening up to the outside world from the coastal areas to the interior, which includes the special economic zones, the coastal open cities, the coastal economic open areas and the interior. Figures compiled by the state Statistical Bureau show that from 1978 to 1986, over 3,210 Chinese-foreign enterprises had been set up with approval and 138 cooperative enterprises established. Nearly half of them have been put into operation and many have begun making profits. At the same time, over 4,000 projects for technological transformation were introduced to the coastal open cities and over 300 farm and side-line produce export-oriented bases were established in the coastal economic open areas. Moreover, foreign-related enterprises can be found in all trades of the national economy and foreign-related economic sector has taken up a certain proportion in the state economic sphere and established close relations with the world.

Viewed from the present development trend the established pattern of opening up to the outside world is forming a virtuous circle and is making progress.

Since the State Council made public the "22 rules" for attracting foreign investment, many provinces and cities have prescribed more detailed rules to give a preference to foreign businessmen. [paragraph continues]

Meanwhile, the Ministry of Foreign Economic Relations and Trade has taken three practical measures to enforce the "22 rules" in a bid to encourage foreign businessmen to make investments in export-oriented enterprises and enterprises needing modern technology. It has also simplified procedures to help enterprises run with foreign investment strike a balance in foreign exchange. To enforce the "22 rules" laid down by the State Council, on 30 January the Ministry of Finance officially announced regulations for offering preferential treatment to foreign investors in business taxes. At the same time, over 50 statutes regarding enterprises run exclusively with foreign investment were made public. Recently the State Council set up special offices for Chinese-foreign enterprises and cooperative enterprises on a trial basis in Qingdao and Yantai to simplify procedures of reporting to a higher body so that foreign investors will have greater decisionmaking power. Not long ago, a leading group for using foreign capital to develop steel industry was set up. This indicates that the opening up policy has been applied in the core of our economy.

Signs from different parts of our country have shown that the opening up policy has laid a solid foundation in China, and the policy will not be reversed because the country has suffered much from national seclusion.

#### DENG LIQUN PRAISES WORKERS, POLITICAL CADRES

OW270609 Beijing XINHUA Domestic Service in Chinese 1610 GMT 26 Feb 87

[Text] Tianjin, 26 Feb (XINHUA) — Addressing today's closing session of the third annual meeting of the China Society for the Study of Workers' Political and Ideological Work, Deng Liqun, member of the CPC Central Committee Secretariat, said: The Chinese working class has proved to be the state's leading class, and the political work cadres of enterprises and institutions have proved to be a good contingent.

Deng Liqun noted: Upholding the four cardinal principles is fundamental to the founding of the party and state. The core of the four cardinal principles is upholding party leadership and the socialist road. When we speak of realizing the four modernizations and fostering ideals, we refer to the four socialist modernizations and socialist and communist ideals. It is necessary to uphold the four cardinal principles and ensure that construction, reform, the open policy, and invigoration of the economy will advance along socialist lines. Proponents of bourgeois liberalization try to lead China along the capitalist road. Taking the capitalist road in China is unworkable. It will only reduce China to a semif封建 and semicolonial society. Errors are inevitably committed in the course of exploration, because of our lack of experience in persistently carrying out construction, and because some policies and measures have yet to be gradually perfected. This situation should be strictly separated from bourgeois liberalization.

Generally speaking, the ranks of the Chinese working class are stable. The broad masses of workers have played an important role in ensuring the state's stable and unified political situation and in upholding the party leadership and the socialist direction. This has demonstrated that China's working class deserves to be called the state's leading class. Hundreds of thousands of party ideological and political work cadres in enterprises throughout China have upheld the four cardinal principles, devoted themselves to their duties, and worked hard under the leadership of party organs at all levels, becoming close friends of the workers. Some have even resisted the trend of bourgeois liberalization to varying degrees. Facts have again proved that they are a good contingent.

Deng Liqun went on: Particularly worth mentioning is the fact that many enterprises have achieved good results in building the two civilizations by consistently upholding the four cardinal principles; resisting the decadent ideological influence of exploiting classes; opposing the trend of bourgeois liberalization; persisting in carrying out reform, the open policy, and economic invigoration; and improving workers' socialist sense and work initiative. In conducting positive education, we should sum up these units' experiences in order to promote them in accordance with local conditions.

Responsible comrades from the relevant ministries and commissions under the central authority, the All-China Federation of Trade Unions, the All China Women's Federation, the CYL Central Committee, and Tianjin Municipality attended today's closing session.

'TEXT' OF JOINT VENTURES REGULATIONS PROMULGATED

0W011413 Beijing XINHUA Domestic Service in Chinese 0655 GMT 28 Feb 87

[Text] Beijing, 28 Feb (XINHUA) — The "Provisional Regulations of the State Administration for Industry and Commerce Governing the Proportion of Registered Capital to Total Investment of Sino-Foreign Joint Ventures," which have been formulated to implement and enforce the State Council's "Regulations to Encourage Foreign Business Investment" and for the creation of a good investment environment, are to be promulgated on 1 March 1987. The provisional regulations will become effective upon promulgation.

The full text of the provisional regulations is as follows:

Article 1. The regulations are formulated on the basis of the "Law of the People's Republic of China on Chinese-Foreign Joint Ventures" and the "Regulations for Enforcing the Law of the People's Republic of China on Chinese-Foreign Joint Ventures," and to stipulate the proportion between the registered capital and the total investment of Sino-foreign joint ventures.

Article 2. The registered capital of Sino-foreign joint ventures must be proportionate to the scale and range of production and operation. All parties in a joint venture shall share profits, risk, and deficit according to the proportion of the registered capital.

Article 3. The proportion between the registered capital and the total investment of Sino-foreign joint ventures shall be in accordance with the following rules:

1. If the total investment of a joint venture is up to (and including) \$3 million, the registered capital must account for at least 70 percent of the total.
2. If the investment is over \$3 million and up to (and including) \$10 million, the registered capital must account for at least 50 percent of the total, and if the investment is under \$4.2 million, the registered capital cannot be less than \$2.1 million.

3. If the investment is over \$10 million and up to (and including) \$30 million, the registered capital must account for at least 40 percent of the total, and for investment below \$12.5 million, the registered capital cannot be less than \$5 million.

4. If the total investment is over \$30 million, the registered capital must make up one-third of the total, but if the investment is under \$36 million, the registered capital cannot be less than \$12 million.

Article 4. If a joint venture is unable to comply with the above rules because of special circumstances, the case will jointly be reviewed by the Ministry of Foreign Economic Relations and Trade and the State Administration for Industry and Commerce.

Article 5. If a joint venture puts up additional investment, its registered capital must increase proportionately to the added investment in accordance with the stipulation of the regulations.

Article 6. The regulations apply to the proportion between the registered capital and the total investment of Chinese-foreign cooperative ventures and enterprises solely owned by foreigners.

Article 7. The regulations apply to the proportion between the registered capital and the total investment of all companies and enterprises in Hong Kong, Macao, and Taiwan, and all enterprises run by economic organizations and individuals.

Article 8. The regulations become effective upon promulgation.

#### IMPROVED TRANSPORT TO STIMULATE FOREIGN TRADE

##### Monopoly Broken

OW281554 Beijing XINHUA in English 1533 GMT 28 Feb 87

[Text] Beijing, February 28 (XINHUA) — A long monopoly on nationwide transport by a single state-owned enterprise has been completely broken by many local shipping lines companies, a Chinese official said here today.

Qian Yongchang, minister of communications, said that 79 domestic shipping line companies are now running ocean shipping services, doing the job that once was the exclusive trade of the China Ocean Shipping Company.

On the Yangtze River system, the longest in China, he said, 813 local shipping lines firms are now operating, thus bringing about competition on the waterway.

The minister said at a press conference that the Chinese Government encourages many firms to run businesses and foster competition with the aim of improving service, getting rid of bureaucracy and accelerating development of China's communications course.

According to the ministry, the number of boats run by individuals grew to 240,000 totalling 3.2 million tons while the number of motor vehicles run by individuals climbed to 300,000 by the end of last year.

Progress in transportation was also reported with more than 250 firms being established to run transport businesses in more than 2,000 places, he added.

The transport departments have also made progress in diverting freight from railways to highways by opening 2,100 special routes in order to relieve the strain on railways.

Qian Yongchang said the ministry is pushing forward reform of its present management system and eight harbors have been handed over to local authorities including Dalian, Lianyungang, Guangzhou, Shanghai and Tianjin.

The Ministry of Communications will hand over more harbors to local authorities and the transport enterprises will be granted larger decisionmaking powers, Qian added.

#### Push To Upgrade Transport

HK280810 Beijing CHINA DAILY in English 28 Feb 87 p 2

[By staff reporter Zhao Jinming]

[Text] A massive push is being planned in China to upgrade the transport provided for foreign trade cargoes, with strong emphasis on boosting air freight services, Liu Fulin, vice-president of the China National Foreign Trade Transportation Corporation, (Sinotrans), told China Daily yesterday.

China's air freight services, which have long been a weak link, are targeted for dramatic development this year, as Sinotrans plans to form a joint venture aircargo corporation. The company handles most of the country's air transport of foreign trade goods.

The corporation is to set up an aircargo agency this year, to make it easier for foreign and domestic trade companies to air freight their goods.

Sinotrans is currently cooperating with officials of the Civil Aviation Administration of China (CAAC) in increasing aircargo transport, and preparations are under way to establish a joint-venture foreign trade aircargo corporation.

Last year, Sinotrans handled 33,000 tons of aircargo, accounting for only 0.2 per cent of the country's foreign trade cargoes.

In 1986, it shipped more than 160 million tons of imports and exports. This was than a 6 per cent increase over the year before, the vice president said.

Sinotrans, a specialized and comprehensive foreign trade transport business, deals with more than 90 per cent of the country's total foreign trade freight, he said.

Liu described the work as the key to the development of the country's foreign trade, especially immoving goods for export which are the main emphasis of China's foreign trade this year.

By 1990, China's foreign trade cargoes will reach more than 200 million tons. This year, the volume of imports and exports is expected to increase by nearly to 6 percent reaching 165 million tons.

"To meet the increase, Sinotrans will spare no efforts to improve services and to enhance its co-operation with clientele and other transport and communications departments," Liu said.

Horizontal co-operation with specialized import and export corporation is encouraged, to make goods flow smoothly, he said.

Last month, in partnership with the China National Metal and Mineral Import and Export Corporation, Sinotrans set up La-Asia Transport Agency (Brazil) Ltd. The Rio de Janeiro-based joint venture specializes in sending metals and minerals between China and Latin America.

Last year, the corporation and the China National Light Industrial Products Import and Export Corporation signed a joint-venture contract, specially dealing with shipment of paper and pulp.

Exports to the Soviet Union and eastern European countries will see a steady growth this year and the corporation will have to over-come difficulties brought about by the limited handling capacity and out of date facilities in the ports of Manzhouli, Suifenhe and Erlian in the Sino-Soviet and Sino-Mongolian border areas he said.

Exports to Hong Kong and Macao will amount to 1.8 million tons this year - last year's level. The goods to be exported include garments, fresh food products and live poultry and animals, putting pressure on Sinotrans prompt delivery.

Sea transport is now the principle activity of Sinotrans. About 80 per cent of the country's imports and exports have so far been handled by sea transport.

This year, Sinotrans will co-operate more closely with the China Ocean-Going Shipping Corporation and other local shipping firms, to increase work efficiency in this area of operations.

#### STATE ECONOMIC COMMISSION OUTLINES TASKS, RULES

OW020121 Beijing XINHUA Domestic Service in Chinese 0315 GMT 28 Feb 87

[Text] Beijing, 28 Feb (XINHUA) -- The State Economic Commission recently pointed out: We should stick closely to the central task of all-round raising of economic efficiency in our 1987 lateral economic cooperation work. We should proceed with the work in a down-to-earth manner, equally stressing broad and in-depth development of the interregional economic cooperation.

It is known that in 1986 there were some 50,000 economic or technical cooperation projects in China involving 20 billion yuan. Some 15 billion yuan of bank loans were given out for such cooperation. Also, there were some 30,000 economic cooperation organizations and nearly 100 regional economic cooperation organizations. A total of 50,000 job changes took place in 1986. The development of interregional economic cooperation promotes economic structural reform, injects vitality into enterprise, and markedly increases social and economic benefits.

In a bid to bring about the healthy development of lateral economic cooperation, the State Economic Commission laid down main work rules for lateral economic cooperation in 1987.

The "main rules" call for laying emphasis on lateral economic cooperation among enterprises as this year's effort to strengthen lateral cooperation work. The cooperation among enterprises is the basis for and the main point of lateral economic cooperation. Stress should be placed on bringing about cooperation among foreign exchange earning enterprises or enterprises that produce equality, new, or special projects. However, the cooperation should be on the principle of mutual requirement, interests, and development of the enterprises concerned. Another principle is that it should help readjust production structure and accelerate technological progress and the overall increase of economic benefits. We should bring about the cooperation between ordnance industry and civil enterprises and among enterprises engaging in transport. Also, encouragement and support should be given to large and medium-sized enterprises to form various types of enterprise groups.

The "main rules" call for further doing a good job in interregional economic cooperation. Interregional economic cooperation has seen a rather rapid development in recent years. We should seriously sum up experience and do things according to economic law. In going about interregional economic cooperation, we must separate government functions and enterprise management. Starting from the current basis of cooperation among enterprises, we should create conditions for its further development. We should respect and protect the autonomous power of enterprises. We should carefully work out plans for interregional cooperation work. Every year, we should do some practical things that concern most people. When doing them, do them thoroughly. If conditions are not ripe for starting interregional cooperation, do not rush it. We must guard against formality.

The "main rules" call on localities to vigorously carry on technical cooperation and cooperation in material circulation.

Localities should adopt various ways to bring production enterprises and scientific research units and colleges together to cooperate in technical transfer, contracting, consultation, and personnel training. We should run technical markets more efficiently. We should encourage diverse forms of cooperation between scientific research departments and production units. Barriers between regions and departments must be knocked down. We should delegate power to enterprises and inject vitality into the economy as well as expand the field of economic and technical cooperation. We should encourage joint exploitation of raw materials and increase production of marketable goods and materials to make export goods.

The "main rules" also call for doing a good job in mutual support between counterpart enterprises and departments and in introducing investment from abroad and establishing lateral ties at home. The State Economic Commission is of the opinion that the work of mutual support between counterpart enterprises and departments should be geared to the new situation in the development of commodity economy; it should proceed from mutual interests and proceed about it in style. The introduction of investment from abroad and establishment of lateral ties at home plays an important part in the development of lateral economic cooperation. We should bring the advantage of lateral economic cooperation into play, assimilate imported technology; and spread technology to the hinterland. At the same time, we should, through lateral ties, increase production of raw materials, develop foreign exchange earning export products; and expand sources of exportable goods so as to earn more foreign exchange for our country.

LIAOWANG VIEWS 'MASS ACTIVITY' IN ECONOMIC SPHERE

HK260822 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 8, 23 Feb 87 p 1

[*"Letter From Beijing"* by Bao Xin (7367 0207): "A Movement is Unfolding in China's Economic Sphere"]

[Text] Dear brother:

Once again our country is now vigorously spreading the spirit of hard struggle, and all trades and professions are engaging in the movement of increasing output, practicing economy, increasing revenue and cutting production costs. These positive measures have been adopted at a time when the economic situation in the country is steadily improving. The movement is the key task for this year's economic work and a long-term task set to our country in line with its actual conditions.

Historical lessons tell us that no political campaign should be launched again in our country. A clear policy line has been divided in the current struggle against bourgeois liberalization in the political and ideological spheres. The movement of increasing output, practicing economy, increasing revenue and cutting production costs is different from that in nature, it is an extensive mass activity unfolding in the economic sphere. China is a socialist country based on public ownership of the means of production, workers and other employees are masters of factories and mines. Increased output and revenue, decreased production costs and an efficient economy will only be accomplished by giving full play to a sense of management and initiative in the workplace.

Since the founding of the People's Republic, we have urged the building up of our country through diligence, thrift and arduous work. [paragraph continues]

Guided by the ideas, we achieved marked results in the movement of increasing output and practicing economy launched in the early 1950's. However, recent years we talked less about hard struggle and failed to give adequate attention to increasing output and practicing economy. Tracing the problem to its source, we have found that our thinking deviated from the right path and lost contact with China's current situation and reality in the past few years. Since China carried out reforms and the policy of opening up to the outside world in 1978, production has expanded, national strength has increased and the people's living standards have improved. For example, during the 10 years from 1977-1986 the national income increased an average of 9 percent a year, greatly paling the average rate of growth of the previous 10 years. Under such circumstances, some people had an illusion that since the country and people had become well-off, there was no need to stress hard struggle, increased output and the practice of economy. As a consequence extravagance has become a common practice and phenomenon of unbridled waste and spending. Restraint of state wealth and people's seldom seen. Such erroneous thinking and deeds must be corrected.

First of all, we must have a clear understanding of China's reality. In more than 30 years of socialist construction, China has, indeed, laid an economic foundation to a certain degree, and its economy developed at a greater pace in the past few years. However, China is still, generally speaking, a developing country. It is relatively poor because it has a poor foundation to start with and its people have just attained sufficiency in food and clothing and are striving to become comparatively well-off. Since China is a large country with 1 billion people, it is not easy for her to attain the objective of common prosperity. To reach the level of relatively developed countries, China should engage in several decades of arduous struggle. For this reason, the movement of increasing output, practicing economy, increasing revenue and cutting production costs is a strategic deployment of far-reaching significance.

Viewed from the present economic development, the general situation is good but there are also many problems. The major ones are: The overextension of capital construction is still going on, far from being kept under control; the growth rate of consumption prevails over that of gross national product; social demand exceeds social supply; the economic results of industrial enterprises are still discouraging, keeping a large number of unsaleable goods in stock; and enterprises which have incurred losses are on the increase. On the other hand, nonproductive spending is substantially increasing. To tackle these problems, we must carry out reforms in depth and accelerate the movement of increasing output, practicing economy, increasing revenue and cutting production costs; both tasks promote each other. The crux of the movement lies in achieving better economic results, increasing the output of readily marketable commodities, ensuring an increase in national revenues, improving the quality of products, reducing consumption of materials, speeding up the turnover of funds and cutting all kinds of expenses. There have been great potentialities in increasing output, practicing economy, increasing revenue and cutting production costs. For example, if state-run enterprises can produce more readily marketable commodities this year and decrease the level of goods kept in stock to that of 1985, state revenues will increase by 33 billion yuan over last year. Meanwhile, if the level of materials consumption in industrial production of our country can be reduced to the level of 1980, a total of about 10 billion yuan will be saved.

Diligence and frugality are traditional virtues of the Chinese nation and hard struggle is a valuable spirit in China. They should be highly recommendable as a general mood of society. They are valuable wealth for our country and nation as well as for every household and individual person and should be passed from generation to generation. [paragraph continues]

However, the movement of increasing output, practicing economy, increasing revenue and cutting production costs should stay only in different trades and should not be brought to daily life. This is a policy demarcation line. In unfolding the movement and encouraging hard struggle, we do not mean everybody should "tighten their belts." Over the past few years, the people's living standards in China have considerably improved. With the expansion of production and the improvement in economic results, the income of urban and rural inhabitants will continue going up and the people's material and cultural life will be further improved. Now, we call for carrying forward the spirit of hard struggle and unfolding the movement of increasing output, practicing economy, increasing revenue and cutting production costs. It is thus hoped that all workers and people of other sectors will be clearly aware of the actual situation in our country so as to create more wealth for the state and their enterprises in an effort to push forward the development of socialist modernization.

Yours, Bao Xin, 17 February

#### GUANGMING RIBAO ASSESSES PRICE REFORM METHODS

HK260847 Beijing GUANGMING RIBAO in Chinese 14 Feb 87 p 3

[Article by Hu Changmuhan (5170 2490 2541) and Xin Junlin (6580 0971 2651): "Several Relations Should Be Properly Handled in Our Country's Price Reform"]

[Text] Substantial progress has been made in various aspects of our country's price reform over the past few years. However, problems still exist. After pondering our country's price reform, we think that the following relations should be properly handled in the reform.

##### The Relation Between Urgency and Deferment [subhead]

It is known to all that owing to the lack of readjustment for many years, our country's price structure has been seriously distorted and its function of readjusting prices has long since lost its effectiveness. Therefore, smoothing out the irrational price structure has become a pressing matter. However, this will probably result in impatience in the work of smoothing out the price structure. Because of this possibility, it is obviously necessary to carefully analyse the feasibility of the present speed of our country's price reform and to correctly deal with the relation between urgency and deferment in the price reform.

As far as the actual situation of our country is concerned, the pace of our country's price reform should not be too fast. This is because first, the contradiction of the imbalance between total social supply and total social demand is still quite outstanding. The market is still largely a sellers' market. Therefore, too fast a pace in the price reform will probably cause a too rapid rise in general price levels. Second, because of the long-term accumulated departure of product prices from their values, too fast a pace in the price reform will probably result in friction in the price structure, which will, in turn, cause big fluctuations in general price levels. Third, an outstanding characteristic of our country's irrational price structure is that the prices of raw materials are too low. [paragraph continues]

Therefore, too fast a pace in the price reform will probably cause big increases in product production costs, so as to cause a continued rise in product prices.

How should we properly deal with the relation between urgency and deferment in the price reform? We think that the "urgency" of the price reform should be interpreted as making sufficient theoretical preparations and creating a beneficial environment for the price reform, while the "deferment" of the price reform should be interpreted as the speed of the price reform. The price reform should be carried out step by step in a steady way, otherwise it will fail to achieve its goal.

#### The Relation Between Readjustment and Relaxation [subhead]

Readjustment and relaxation in the price reform refer to the right of price management. Readjustment means that the right of price management is still controlled by the state, and the state price management department only makes the necessary readjustments to prices according to the degree of departure of product prices from their values and the situation regarding product supply and demand on the market. Relaxation means that the state delegates the right to control prices to the enterprises and the enterprises can freely raise or lower the prices of their products. In order to properly deal with the relations between readjustment and relaxation in the price reform, we must first of all clearly know the demarcation line between readjustment and relaxation.

As far as readjustment and relaxation of product prices are concerned, we think that in the near future, or for a long time in the future, the right to control the prices of the following types of products should not be delegated to the enterprises: 1) products whose market is monopolized, 2) major raw materials, 3) consumer goods which are in short supply on the market and which are essential to the people's livelihood. [paragraph continues]

We should still adopt a prudent policy in readjusting the prices of the above-mentioned products. For example, we had better not directly readjust the retail prices of the third type of products mentioned above but, rather, properly readjust their producer prices or wholesale prices. After the products whose prices have been readjusted have stimulated market supply and eliminated the contradiction of the imbalance between market supply and market demand, the control on the prices of these products can then be relaxed.

In the near future, the proportion of prices on which control will be relaxed in our country's price reform should not be excessive. The main reasons are that, generally speaking, the present market is still a sellers' market; the mechanism of enterprise behavior is still not normal; and not all the necessary economic laws and regulations have been formulated and perfected. All these factors would probably become breaches through which the enterprises could recklessly raise their product prices.

#### The Relation Between Stability and Fluctuation [subhead]

Stability and fluctuation in the price reform refer to changes in general price levels. [paragraph continues]

Maintaining the absolute stability of general price levels is only a subjective wish of the people. A gradual rise in general price levels within a certain range is an objective fact in the operation of the economy. Especially during the price reform, a rise in general price levels is unavoidable. However, we should not let general price levels continue to rise in an unchecked and blind way. Instead, we should let them rise in a controlled and planned way.

A so-called controlled and planned rise in general price levels means keeping the rise in general price levels within a scope which is acceptable to society. According to the experiences of price reform of foreign countries, the range of a society's capacity to withstand the strains resulting from a rise in general price levels is generally limited to between 5 and 6 percent. If the rise in general price levels exceeds this range, the market will become unstable.

A characteristic of our country's irrational price structure is that the prices of raw materials are too low. In order to change this situation, we must raise the prices of raw materials. However, under the present production and technological conditions, an excessive raw materials price hike will probably cause an excessive product price hike, and the work of smoothing out the price structure will in turn go astray due to the limited enterprise digestive capability.

In our country's price reform, efforts should be made to push forward with the reform at the due speed on the one hand, and to take into consideration enterprise capability and society's capacity to withstand the strains resulting from the price hikes on the other. Therefore, we think that the scale of the readjustment of the prices of raw materials should be maintained within the limits of the enterprise digestive capability and the society's capacity to withstand the strains. Exceeding these limits will be detrimental to the stability of the market and to people's livelihood.

Our country's price reform should proceed from stability and face up to the fact of price fluctuation. No matter what the currency issuance policy, national income distribution policy, and investment policy may be, they must be conducive to the stability of the market and the smooth implementation of the price reform.

#### NONGMIN RIBAO STUDIES TOWN, TOWNSHIP ENTERPRISES

HK020721 Beijing NONGMIN RIBAO in Chinese 16 Feb 87 p 2

[Report by GUANGMING RIBAO reporter Di Huisheng (5049 1920 3932) and NONGMIN RIBAO reporter Fu Zhidi (0265 0037 2769): "Where Lies the Way for Town and Enterprises To Development in a Sustained and Steady Manner"]

[Text] Recently, after fulfilling the task of conducting surveys at town and township enterprises in different parts of the country, which was entrusted to them by the State Economic Commission's Agriculture Bureau, some specialists from the Academy of Social Science and other units pointed out that to be able to develop in a sustained and well-coordinated manner, town and township enterprises must discard their practice of doing business mainly by filling "vacuums" in the market, and of trying to increase output value and nothing else. [paragraph continues]

They must replace this practice as quickly as possible with efforts to augment their reserve strength for future development and improve economic results.

In recent years, there has been a rapid increase in the total amount of income derived by the country's town and township enterprises from production and product sales. According to a sample survey conducted by these specialists, during the Sixth 5-Year Plan, the gross output value and gross income of enterprises at township and village levels increased annually by 24 percent and 28 percent respectively. However, total income derived from product sales decreased by 13 percent. There are several direct reasons for the decline in economic results: Production costs have gone up as a result of increases in raw and processed material prices; charges that should have been, but were not, collected in the past are now generally collected; the substantial increase in loan payments due has slowed down the turnover of the enterprise funds; an increase in workers' wages; and enterprises reserve only a rather small amount of profits for expanding production.

How can these problems be solved? According to the specialists we can first, by means of reforms, establish an effective management system and introduce corresponding operational modes and organizational patterns, in order to put the enterprises on a more solid mass basis. Second we can, by readjusting the production setup, try to turn our abundant resources into real economic advantage. However, the most important thing is to improve economic results by improving the quality of our enterprises. First, it is necessary to train talented people by various means to strive to build teams of technological, administrative, and management workers in 10 years or less. Second, it is necessary to strive to make technical transformation a success and to reduce the consumption of raw and processed materials in developing new products. In addition, it is necessary to establish an accounting system, perfect it, and introduce scientific standards for evaluating economic results; combine post-operation accounting with pre-operation budgeting; and keep up the spirit of starting an undertaking through arduous work. At present, town and township enterprises are generally quite deficient in strength. We can certainly contribute to improving enterprise quality by encouraging this spirit and using our limited accumulation to augment their reserve strength.

#### YANG BO INSPECTS TIANJIN DEVELOPMENT ZONE

SK020405 Tianjin City Service in Mandarin 0030 GMT 1 Mar 87

[Text] On 28 March while inspecting the Tianjin Economic and Technological Development Zone, Comrade Yang Bo, minister of light industry, called on the burgeoning trades to learn from the experience of joint-venture enterprises in management in order to improve their own quality.

On 28 February, Yang Bo came to the Tianjin Economic and Technological Zone to visit some enterprises under the First Municipal Light Industrial Bureau and the Second Municipal Light Industrial Bureau and some corporations owned by Chinese and foreign investors. He praised the development zone for its rapid pace of construction, efficiency in production, and good management methods, and called on the newly-built enterprises in the municipality to learn from the management experiences of the zone's enterprises in order to improve their own quality. He also praised those who began the construction of the Tianjin Development Zone for their broad vision and [words indistinct]

EXPERTS DISCUSS AGRICULTURAL DEVELOPMENT MOMENTUM

## Part I

HK251441 Beijing RENMIN RIBAO in Chinese 17 Feb 87 p 2

[Report: "Excerpts of Speeches by Experts Attending a Forum Sponsored by RENMIN RIBAO Economic Department on 'How To Increase the Momentum of Agricultural Development' (Part One)"]

[Text] [Editor's note] Gathering more momentum for agricultural development has a bearing on the overall situation of the development of our country's national economy. The RENMIN RIBAO Economic Department sponsored a forum on 12 February inviting some experts, scholars, and responsible comrades of the departments concerned to specially discuss "how to increase the momentum of agricultural development." We publish the main contents of the speeches delivered at the forum (including written speeches) below. We welcome people in all quarters, in particular, comrades working in the forefront of agricultural production, to enthusiastically send in their contributions to thoroughly discuss this question -- The Editor

**The Staying Power of Agricultural Development Has a Bearing on the Overall Situation of the Development of the National Economy [subhead]**

Shi Shan (the Rural Development Studies Center of the State Council): The staying power of agricultural development is not only a question of agriculture itself but also a question of the overall situation. It involves many sectors of the national economy. Rather than merely a question of the farming industry, it embraces all rural industries, including the township sector. The way the countryside will develop from now on to the year 2000 is a very big question. Where do its potentials lie? Where do the obstacles to its development lie? These questions deserve studying. I think we should study three things. They are "hardware," software," and "negative elements." "Hardware" refers to investment and the construction of infrastructures, such as water conservancy and transport facilities. They are absolutely indispensable to us. "Software" mainly refers to policies, organization, management, application of science and technology, and intellectual development. By "negative elements," we mean factors hindering and offsetting the staying power of agricultural development, such as reduction of cultivated land, expansion of the desert into formerly fertile land, and pollution. We must seriously study these three things from a long-term point of view and not strive for quick success and instant benefit.

Ji Yecheng (the General Office of the State Council): The staying power of agricultural development is a very important question of which we should have an adequate understanding. Not every comrade engaged in rural work has understood the importance of this question. Some people are intoxicated with the fine rural situation seen in the last few years and blindly think there are not any serious problems in agricultural development. We must soberly notice that some problems arising in agricultural development are already noticeably around us. They are no longer latent ones.

Another problem that adversely affects the staying power of agricultural development is short-term behavior. The problem of short-term economic behavior can be found in some local governments. To make achievements while in office, some local government leaders undertook whatever projects that promised quick results regardless of long-term construction. It has been learned that last year the peasant's interest in investing in farm production was cooling. The reasons for this state of affairs are complicated. [paragraph continues]

However, what is important is that the trouble was caused by short-term economic behaviors. To gain more momentum for agricultural development, it is necessary to effectively solve the problem of short-term behavior existing among our cadres and the peasants.

Liu Baochuan (the Agriculture and Forestry Bureau of the State Planning Commission): Lack of a staying power for agricultural development has become a serious problem in our effort to further develop agriculture. To solve this problem steadily, among other things, it is necessary to firmly foster the idea of agriculture being the foundation. With a rapid turn for the better in the agricultural situation in the last few years, some comrades' sense of agriculture as the foundation has been blunted. Some people even think agriculture is no longer the foundation of the national economy. This erroneous view has an adverse effect on practice. Taking agriculture as the foundation is a long-term basic state policy rather than an expedient measure for the short term. On no account we must think we have successfully solved all problems in agriculture just because agriculture has developed considerably since the 3d Plenary Session of the 11th CPC Central Committee. On no account must we think that everything will go off without a hitch because of the introduction of a system of contracted responsibilities with payment linked to output. We must not neglect the increase of investment and momentum in agricultural development. Efforts should be made to strengthen all trades and professions, in particular, the assistance to agriculture by industry.

#### Agriculture Is Confronted With a New Test [subhead]

Shi Shan: There are some grievously restrictive factors in the path of China's agricultural development. We must attach great importance to these "negative elements" that may offset our capability. They are as follows: 1) Formation of deserts is expanding at an alarming rate. In the past 25 years, desertification in our country increased by nearly 40,000 square kilometers. We must seriously study the desertification trend in the years ahead. 2) Soil erosion is serious and moreover, it is getting more and more serious. As a result, large amounts of farmland have been destroyed. 3) In some places, underground water has been excessively tapped and a "funnel" has thus formed under the earth's surface and in the water table in those lands year after year. 4) Water-deficient cities are growing in number but some cities are still operating factories that consume large amounts of water. To ensure water supplies, they have to divert water needed for agriculture to their own purposes. 5) Pollution is serious in the industrial sector. According to statistics, most industrial waste water was discharged into rivers and seas without any treatment, thus polluting the country's waters. Moreover, industrial waste residues turned out every year have occupied a large area of land. 6) The environment-pollution industries shifted by some cities to the countryside and some pollution township enterprises have not been given proper and prompt antipollution treatment. With their pollution expanding, the quality of farm produce and sideline products has been adversely affected and their competitiveness hurt. To give added strength to agricultural development, we must study and explore solutions to these "negative elements" and avoid repeating past mistakes, such as the idea that "since problems in agriculture have not been solved yet, it is hard to take care of other things."

Hai Linsheng (the Agriculture Bureau of the Ministry of Agriculture, Animal Husbandry, and Fishery): The country's current capability for continued agricultural development is indeed insufficient. This holds particularly true for the staying power of the farming industry with grain production as the core. [paragraph continues]

Since the 3d Plenary Session of the 11th CPC Central Committee, agriculture and grain production have developed at an unprecedented rate. However, in the last 2 years, the farming industry, and grain production, in particular, developed at a lowered pace. Total grain output in 1985 dropped by a wide margin and with strenuous efforts made in 1986, it picked up by just 10 billion kilograms or more. The decline in cotton production has not been effectively controlled. There are also signs that the production of oil and sugar crops is in the decline. This state of agricultural production cannot suit the needs of society and the market for grain, cotton, oil, and sugar. If the current situation is not changed, we will find it difficult to meet the needs of future national economic development.

The outstanding problems cropping up in agricultural development over the last 2 years are that the agricultural foundation is weakening and agriculture lacks a staying power for its continued development. Specifically speaking, 1) Farmland is constantly being reduced. Compared with 1978, the country's cultivated land in 1985 decreased by nearly 40 million mu. 2) Of the existing cultivated land in the country, only 20 percent is ensured of stable yields throughout drought or excessive rain, and the level of soil fertility is on the decline. 3) The proportion of investment in farm capital construction in the nation's total investment in capital construction is declining. Investment in water conservancy works construction in 1980 amounted to 2.1 billion yuan and it dropped to 1.1 billion yuan in 1984. 4) Farm machines are aging or insufficiently used. According to a survey of departments concerned, in the last few years, although the number of farm machines increased year after year, the level of mechanization in the farm industry declined (farmland using machines dropped by 90 million mu or more) and a considerable number of farm machines have exceeded their service lives. 5) Our country has a weak farm mechanical and technical foundation and especially its farm technical popularization setups are not perfect. 6) There is a outstanding contradiction between the supply and demand of agricultural means of production. In the last few years, although the state has taken measures to increase the supply of agricultural means of production, it still fails to meet the needs of the development of production. The problem of a lack of staying power for continued agricultural development does not crop up overnight and similarly, to give added strength to agricultural development is not a matter that can be accomplished overnight. Therefore, we must do a solid job in accumulating more momentum for further agricultural development from a long-term point of view and take various measures to carry out comprehensive improvement in agricultural production.

Gao Hongbin (the Policy, Laws and Regulations Department of the Ministry of Agriculture, Animal Husbandry, and Forestry): During the Sixth 5-Year Plan, our country's animal husbandry increased at a progressive rate of 10.6 percent, a fast rate never seen since the founding of the PRC. However, it is also faced with the problem of a lack of staying power. There are now two difficult problems in this respect. One is that with increased grain prices on the market, there has been a big increase in the industry's production costs and a decrease in its operating profits. The grassland in pastoral areas is grievously deteriorated and it is difficult to restore it in the short term. Production servicing systems, such as epidemic prevention, breeding, and fodder processing, are very weak. This is incongruous with the development of production. This state of affairs shows that animal husbandry may hit a "depression" this year and if things go wrong, there will be a certain contraction in industry. From a long-term point of view, the natural, social, and economic conditions for the development of animal husbandry cannot be considered adequately relaxed. Therefore, it will be necessary to rethink animal husbandry's current developments, objectives, and growth rates and to take solid measures to increase its capability for continued development.

Ding Zemin (the Irrigation and Water Conservancy Department of the Ministry of Agriculture, Animal Husbandry, and Forestry): Irrigation and water conservancy are both part and parcel of scientific farming and are themselves infrastructures. Statistics show our country's irrigated area is less than half its cultivated land area but the grain turned out by irrigated regions constitutes two-thirds of the nation's total grain output. In northern arid areas where there is no irrigation, agricultural development is out of the question.

There are currently two striking problems before us. One is that water conservancy works are aging and in bad repair and their irrigation benefit is on the decline. According to the ministry's statistics, in this sector alone, during the Sixth 5-Year Plan, irrigated areas decreased by 14 million mu or more. If this practice of living off one's past gains continues, I think, it will be difficult to maintain the current situation of agricultural production. The other problem is that the strain in water resources in the northern regions is increasingly restricting agricultural development.

To give added strength to agricultural development, it is necessary to appropriately develop irrigation and water conservancy. The ministry plans to increase the country's irrigated area by 20 million mu by 1990. This requires investment in labor, funds, and materials. Approved by the State Council, last year every rural worker was required to contribute 10 to 20 man-days accumulatively a year. Consequently, more than 50 million people took part in construction of water conservancy works last winter. This practice should be carried forward in the days ahead.

Guo Yuhuai (Shanxi Provincial People's Government): In Shanxi Province there was a drop in agricultural production in two successive years; grain output declined to levels of the later 1970's; and the net income of every peasant was 15 yuan less than the previous year. This indicates that our agricultural foundation is still very weak, vulnerable to natural disasters. Reduced agricultural production is a problem people can easily notice but other problems, such as reduction of the peasants' investment in expanded reproduction, have not yet aroused people's great attention. Seen from the patterns of the peasants' cash expenses last year, the peasants' daily expenses increased while production decreased. The average cash money spent by a peasant in his daily life was 14.7 yuan more than in the previous year, up 5.4 percent and that poured into production was 12.1 less than in the previous year, down 11.2 percent. Reduction of input in production is bound to adversely affect the strengthening of agricultural infrastructural facilities. This is an issue that warrants our great attention.

#### Deepen the Reform and Exploit Potentialities Among the Peasants by Relying on Policies [subhead]

Guo Shutian (the Policy, Rules and Regulations Department of the Ministry of Agriculture, Animal Husbandry, and Forestry): How to mobilize the peasants' enthusiasm is a very important question. In a certain sense, the problem of the staying power of agricultural development is that of the peasants' enthusiasm. In terms of overall agricultural work, we still have much to do. For example, to absorb the idle funds in the hands of the peasants, we should create a sound and stable political environment. In addition, it is advisable to encourage the establishment of nongovernmental credit organizations and development banks.

Wang Guichen (the Rural Development Studies Center of the China Academy of Social Sciences): To enable the peasants to maintain their vigorous enthusiasm for production and investment, it is necessary to consistently deepen reform and to further solve the problem of authority and benefit. The points at issue at present are 1) The profits of supply and marketing as well as credit cooperatives have not yet completely gone to the countryside and 2) The decisionmaking power and interests already in the hands of the peasants have not yet been completely guaranteed. For example, what should be done after the 15-year contract of land expires? Some peasants feel unsure of this. These problems should be solved as the reform deepens.

Zhu Guobu (the Office for Rural Policy Studies of the Secretariat): Efforts should be made to correctly understand and handle the relationship between reform and input. The two are complementary rather than antagonistic to each other. We should not think that what we need now is material input rather than further reliance on policies. The rapid growth of agricultural production in the last few years was mainly generated by reform. Moreover, the material and technical foundation accumulated for quite some time in the past and the peasants' efforts to double or redouble material input also played a role in it. Now some latent problems have revealed themselves and agriculture is faced with a severe test. To give added strength to agricultural development, first of all, it is still necessary to rely on reform, the renewal of the organizational structure and of policies, and at the same time, to increase new input. Where does input come from? Input cannot be separated from reform. This is because reform alone can create a sound investment environment and provide a new mechanism for the effective use of material input.

Guo Yuhuai: Now the growth of agricultural production is more and more closely related to the national economy as a whole. The increase in agricultural investment is indispensable to the country's capability to withstand heavy strains. To effectively solve the problem of rural fund shortages, we should concentrate our main efforts on guiding the peasants in increasing their investment efforts. Last year the per-capita savings deposits and cash of the peasants in the province increased by 27.7 percent over the previous year. The amount of cash in the hands of every peasant increased by nearly 29 yuan. If every peasant invests 10 yuan in agricultural production, the fund will amount to 200 million yuan throughout the province. Therefore, the key to the question lies in how to stabilize and encourage the peasants' enthusiasm for production. In carrying out rural reform, we should exert more and greater efforts in this aspect. These years the peasants have been willing to work with great enthusiasm but some peasants have a certain sense of not being safe and stable. This shows that the enterprising mechanisms now prevailing in the rural areas need to be stabilized and perfected. In addition, credit, taxation, and rural policies and rules and regulations are far from perfect. As commodity producers, the peasants are not mature enough in terms of behavior and organization. All these problems should be solved in the course of deepening rural reforms.

Chen Xiven (the Rural Development Studies Center of the State Council): Gradually reforming the system of unified and fixed state purchases of farm produce is the central task of the second step of the rural reforms. To boost the peasants' enthusiasm for grain cultivation and to ensure the peasants find it profitable to grow grains, it is necessary to introduce a practice of ensuring both "stability" and "invigoration," namely, the "double-track system" under which state purchases according to contracts go hand in hand with purchases through the market. Out of their own current interests, some localities sealed off the grain market and, as a result, the peasants could not sell their grain on the market and the sector that ought to be "invigorated" was not invigorated. The peasants' enthusiasm for grain cultivation waned because of their reduced income. [paragraph continues]

Therefore, instead of wavering, we must persistently reform the system of grain purchases.

The government's policy tendency and economic behaviors have a great impact on the peasants' enthusiasm and agricultural development. At present, in many localities, following the replacement of a party secretary, all previous targets and methods would be altered. For example, some comrades viewed the number of new houses built as the yardstick for measuring economic achievements and even "supported" the peasants in building their houses in the form of granting interest-free loans. As a consequence, a portion of funds that could be used in production was used in building houses and many peasants ran into debt. In addition, efforts should also be made to work out rules and regulations concerning the rural relationship of property. Present calculations indicate that most of the productive fixed assets in the rural areas belong to the peasant households. If we delay the enactment of clear, protective rules and regulations, the peasants will feel anxious and not dare to make additional investments in expanded reproduction.

## Part II

HK270722 Beijing RENMIN RIBAO in Chinese 18 Feb 87 p 2

[Report: "Excerpts of Speeches by Experts Attending a Forum Sponsored by RENMIN RIBAO Economic Department on 'How To Increase the Momentum of Agricultural Development' (Part Two)"]

[Text] Create Conditions and Increase Material Input [subhead]

Liu Yaochuan [0491 1031 0278]: Increasing investment in agriculture and strengthening agricultural construction have become serious problems concerning the further development of the country's agriculture. This year, the State Planning Commission is paying very close attention to them. It is arranged in the central budget that investment in agricultural capital construction this year will be more than 40 percent larger than last year. Such a big increase has been very rare in history. What is worth mentioning is that this arrangement was made against the background of a decrease in the total amount of investment in capital construction this year. This investment will be mainly used for the construction of large irrigation works, the construction of agricultural bases, such as bases for the production of commodity grain, and the launching of major exploitative and development projects. The state had done much regarding this. However, the central authorities' financial strength is limited. Various localities have to make even greater efforts to increase investment in agriculture and to reserve more resources for agricultural development. We should mainly rely on accumulation in the rural areas.

Ji Yecheng [1213 2814 2052]: To reserve more resources for future economic development, it is necessary to make the reforms more deep-going, to strengthen leadership, to improve the quality of peasants, to increase material and technological input, and so on. However, the most important thing is to increase material and technological input. Without input, we cannot have output.

To increase material and technological input, we must spend some money. While the country's investment in agriculture is increasing, various localities should try to increase their investment in agriculture and encourage the peasants to do the same. Whether we can reserve more resources for future agricultural development and whether agricultural production can steadily develop depend on the 800 million peasants' enthusiasm for investment in agriculture.

At present, the peasants are using more and more money for their own living expenses. However, they are not using as much money for production development. Let us take the period covered by the Sixth 5-Year Plan as an example. In 1985, there were increases over 1981 of 107 percent in the peasants' per capita income, 71.9 percent in their consumption of goods and services, and only 28.6 percent in the total amount of production working funds. Conditions in many parts of the country show that the peasants are not very enthusiastic about investment and that they do not know what to do with their money. They hesitate and are unwilling to expand reproduction. They are not very good at doing this. They are spending most of their money on building houses. More than 4 billion square meters of new housing was built in the past 7 years. Assuming that each square meter absorbs 30 yuan of investment, 120 billion yuan has been spent on the construction of new houses. People all over the country are crazy about building new houses. What is even more regrettable is that many peasants have spent their hard-earned money on feudal superstitious activities, giving people presents, treating people to dinners, and building temples, ancestral temples, and tombs... there are a few peasants who either hide their money in the walls of their houses or simply bury it in the ground.

We cannot blame the peasants for having no interest in investing money. An important reason for this is that we have not properly guided them and have been unable to adapt ourselves to various policies. As a result, some peasants fear that these policies may change. Thus, it is necessary to devote further efforts to teaching the peasants how to use funds rationally, to perfect policies regarding agricultural development and the application of the contract system, to encourage the peasants to invest money in production, and to try to make every condition favorable for investment by peasants, to open the financial market to the public, to organize financial accommodation services between peasant households, villages, and townships, and to arouse the peasants' enthusiasm for investment. We should regard the work of helping the peasants develop an interest in investment and encouraging them to invest as an important regular task. In this way, the peasants will invest money with great confidence and better investment knowledge, thus making their unused money useful.

Ma Yongwei [7456 3057 0251] (Agricultural Bank of China): In our rural credit work this year and in the near future, an important task will be to turn more loans into agricultural input, to structurally readjust the distribution of loans, to promote the use of credit and loans as a guide, a binding agent, and a catalyst, to facilitate the rational flow of capital, technology, manpower, and other key elements of production, and to methodically and selectively support those projects which are aimed at adding to the resources reserved for future agricultural development. According to its plans, the Agricultural Bank will stress the following things:

First, capital is always one of the important factors determining the development of commodity economy in the rural areas. Agricultural banks and credit cooperatives at all levels must attach greater importance to the tasks of raising funds, finding more sources of funds, and helping users use funds more fruitfully than to other tasks and try their best to resolve the contradiction between capital supply and capital demand.

Second, it is necessary to implement the principle of "never slackening efforts in grain production but vigorously developing diversification" and to do something to increase grain output significantly.

Third, it is necessary to gradually reserve more funds for use in the exploitation of resources. It is necessary to help the rural areas exploit various nonarable resources, such as hilly and sloping wasteland, grassland, beaches, rivers, lakes, and so on, to appropriately extend more loans to tree and fruit growers, livestock farmers, and producers of aquatic products, and to provide credit services for the development of diversification, in order to help the peasants increase their income.

Fourth, it is necessary to properly administer and flexibly use the credit funds for helping the poor.

It is necessary to enthusiastically support the development of industry, commerce, and services in the rural areas and to facilitate the rational readjustment of the rural production setup.

In conclusion, after adding to the resources reserved for further agricultural development, the rural finance and banking departments will find ample scope for their services and yet they will find their tasks formidable. Agricultural banks should regard the reforms as a source of energy, vigorously raise funds for accommodation purposes, try to use credit funds more fruitfully, and contribute to rural economic development.

#### "Soft Input" Should Also Receive Attention [subhead]

Lu Liangshu [4151 5328 1859] and Wan Baorui [8001 1405 3843], (Academy of Agricultural Science): Science and technology have an important role to play in reserving resources for the country's agricultural development. According to information collected by some developed countries, agricultural productivity was raised by less than 20 percent by the application of science and technology at the beginning of the 20th century. However, as agriculture rapidly develops, people can now raise agricultural productivity by 60-80 percent by applying science and technology.

According to incomplete statistics, China produced 1,498 agriculture-related scientific and technological achievements between 1979 and 1985. These achievements have produced impressive economic results. At the First National Inventions Exhibition, it was announced that of the 32 scientific and technological achievements that have each produced economic results valued at 100 million yuan or more, 22 are agriculture-related. During the period covered by the Sixth 5-Year Plan, 30-40 percent of the increase in agricultural output was a result of the application of science and technology. However, we are still quite a long way behind the world's developed countries in science and technology. Some experts have predicted that given normal circumstances, about 60 percent of the increase in China's agricultural output will be attributable to its science and technology. At present, China's science and technology are playing a much less important role in agricultural production than those of developed countries. One reason is that its science and technology are inferior to those of some developed countries in many aspects. However, a far more important reason is that we have not properly popularized many of our scientific and technological achievements and that of those which have been popularized, many have not been converted into productive forces. Thus, we suggest that we:

1. Vigorously popularize those scientific and technological achievements which have shown their effectiveness and which can be easily accepted by the peasants. There are many such scientific and technological achievements, such as fine strains of plants and crossbred plants. [paragraph continues]

If, during the period covered by the Seventh 5-Year Plan, we can introduce one new fine strain for each of the major types of crops we grow, then, assuming that they can help us increase output by 10 percent on average, grain output will increase by 15 billion kg and cotton output by 5 million dan.

2. Focus attention on scientific and technological problems that bear on agricultural production and organize concerted efforts to tackle them, in order to quickly score success.

3. Strengthen basic applied studies, in order to provide scientific and technological resources for further agricultural development.

4. Establish an agrotechnology popularization system, perfect it, and improve working and living conditions for people responsible for the popularization of agrotechnology. Generally speaking, there are the problems of the dispersion of organs and of "not having the appropriate organs at particular levels." In addition, the teams of workers are quite unstable. They lack vitality and can only provide a very narrow range of services. To bring about changes, in building agrotechnology popularization systems in the future, we should focus our attention on the counties, strengthen our work in the townships, and properly build them in the villages. In this way, we can quickly establish a three dimensional agrotechnology popularization service network.

5. Update agriculture-related science and technology, improve agricultural education, and update the rural cadres' and the peasants' scientific, technological, and cultural knowledge.

Liu Zhongyi [0491 0022 0001] (State Planning Commission): In reserving resources for further agricultural development, an important thing to do is to reform agricultural management as required by commodity economy. China's agricultural economy is now developing from simple farming in the direction of a multisector economy and from a closed, divided state in the direction of an open economy. This is a profound, comprehensive change. To successfully accomplish this change, it is necessary to impose on agricultural production and the management of rural economic activities requirements that are entirely different from those imposed on them in the past. In a certain sense, revising the guiding principles for agricultural production and the management of the rural economy and improving management are of crucial importance to the development of production and to our endeavor to bring about economic prosperity, to "reserve more resources" for future development, and to speed up the modernization of agriculture. Our understanding of the importance of this problem is far from adequate. People generally pay little attention to it.

It can be foreseen that given the rapid development of our commodity economy, the increasingly important role played by market mechanisms, and the fact that competition is becoming increasingly intense, people who realize the importance of business management before others will be able to adapt themselves better to commodity economy, and people who are more competent in business management than others will take the initiative and succeed. A scientific and rational management system and management flexibility and competence are two important conditions for success in developing agricultural production and in bringing about rural economic prosperity, as well as two "pillars" that can support our efforts to "reserve more resources" for agricultural development.

Lu Shijian [0712 0013 4675] (Agriculture Bureau, State Economic Commission): In reserving more resources for future agricultural development, it is important to "reduce expenditure." We can do much without spending much money. [paragraph continues]

For example, over the past few years, the total area of the country's cultivated land has decreased by 6 million mu each year on average. The problem was especially serious in 1984 and 1985. The total area of the country's cultivated land decreased by 11 million mu in each of these 2 years. If it continues to decrease in this way, we will be in serious trouble, and we cannot not even talk about accumulating reserve strength! Of course, it is inevitable that there are people who occupy and use land without authorization. However, if we manage land strictly according to the law, we certainly can prevent people from occupying and using land without authorization more successfully. Another example is that in recent years, the total area of land used for production of green manure has also been diminishing, and people have stopped bothering about organic fertilizer. We should change this by means of rewards and punishments. Expanding the multiple-cropping area is an important way of increasing production. To begin with, China is a country with little land but a large population. And yet its population is growing but its land is diminishing. Given such objective conditions, we have no choice but to resort to multiple cropping. Practice has shown that given adequate supplies of water, fertilizers, and seed, multiple cropping can yield remarkable results.

Guo Shutian [6753 2579 3944]: From a long-term point of view, ecological farming is a fundamental solution to the problem of agricultural development. One should be very encouraged by the fact that many localities, such as Jiangsu's Hsian, Anhui's Fuyang, and Henan's Shangqiu and Zhoukou, have done much regarding this. We should pay close attention to it.

Miao Fuchun [5379 1788 2504] (Office of the State Council): Whether from a short-term or long-term point of view, we cannot accumulate reserve resources for agricultural development without methodically utilizing rural resources. The country's rural areas are rich in both manpower and natural resources. In these areas, there are many mountains and hills, water sources, and mineral deposits, a great variety of animals and plants, and much cultivated land. Although conditions differ in different parts of the country and development is imbalanced, they have great development potential. We should exploit all available resources and try to profit from whatever advantages we have. In our three-dimensional exploitation of natural resources, including mountains, land, and underground resources, we should adhere to the principle of "never slackening efforts in grain production but vigorously developing diversification." By doing all this, we can revitalize the rural economy and keep agriculture steadily developing for a long time.

To be sure, certain conditions must be available before we can extensively exploit rural resources. Capital and technology are the two most important conditions. However, one should be able to see that only by exploiting natural resources can one steadily accumulate capital and technology. To increase agricultural input, it is necessary to secure state support. However, there is a limit to what the state can do. We should mainly rely on agricultural accumulation, keep "the snowball rolling," and turn on the rural areas' internal economic dynamics.

Lu Liangshu and Wan Baorui: Technological education for the peasants is an important part of the current rural educational reform. Science and technology are a latent productive force. Only when they are combined with actual, material production can they become a direct productive force. The masses of cadres and peasants in the rural areas are a "combining agent." A considerable number of peasants in China are either illiterate or semiliterate. Thus, apart from trying to make higher agricultural education and secondary vocational education a success, we should also try to update the masses of rural cadres' and the peasants' cultural, scientific, and technological knowledge without delay. The country has about 600,000 agricultural specialists. Most of them are now playing a prominent role. However, they still urgently want to update their knowledge. [paragraph continues]

There are about 120 million secondary school graduates in the country's rural areas. They are the main force in the development and modernization of the country's agriculture and the most important intellectual resource in the rural areas. We should mainly give training to them. We should give them professional training in a planned manner, both before and after they are employed, and pay special attention to giving scientific and technological training to people in backward and poverty-stricken areas. In this way, science and technology can play the role of an "accelerator" in our endeavor to bring about prosperity and eradicate poverty.

Wang Guichen [3769 6311 1368]: The problem of increasing investment in educational matters and that of improving the quality of our labor force can easily be overlooked in trying to reserve resources for further agricultural development. I think they are important matters. We can pay special attention to training those secondary school graduates who have returned to their hometowns; second, we can reform the rural educational system and pay special attention to developing secondary vocational education; and third, we can let talented people play an organizationally important role.

#### PAPER REPORTS ON POLITICAL CIRCULAR FOR ARMY

HK270601 Beijing JIEFANGJUN BAO in Chinese 17 Feb 87 p 1

[Report: "The General Political Department Issues a Circular Calling on All Commanders and Fighters of the Whole Army To Actively Participate in Positive Education in Adhering to the Four Cardinal Principles and Opposing Bourgeois Liberalization"]

[Text] On 14 February, the General Political Department printed and issued "The Main Points of Education in Adhering to the Four Cardinal Principles and Opposing Bourgeois Liberalization" compiled by the Propaganda Department of the General Political Department. It also issued a circular, demanding that all units of the whole Army make arrangements according to these main points and in the light of the actual situation in their own units.

The circular points out: Opposing bourgeois liberalization is a solemn political struggle. This struggle is, on the whole, to conduct positive education for party members. According to Army characteristics all cadres, fighters, and workers must participate in this education. The aim of education is to enable all comrades in the Army to unswervingly adhere to the four cardinal principles, to completely and correctly understand and implement the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, and to conscientiously and resolutely oppose bourgeois liberalization. The success in this education is of important significance in heightening the political and ideological awareness of commanders and fighters, enabling the whole Army to keep ideologically and politically in line to a high degree with the CPC Central Committee, guaranteeing the correct orientation of Army building, and stepping up all aspects of PLA units' work. Party committees and political organs at all levels must regard this education as an important political work task in PLA units for this year and do well in grasping it seriously.

The circular demands that in the course of education in accordance with arrangements made by the CPC Central Committee and Central Military Commission, all Army units: Seriously study the relevant CPC Central Committee documents and the latest speeches by leading Central Military Commission comrades; study the important documents since the 3d Plenary Session of the 11th CPC Central Committee, particularly a series of important expositions by Comrade Deng Xiaoping; selectively study some basic Marxist works and, at the same time, explain the excellent traditions of and historical experience in, our country's revolutionary struggle; and direct everyone to apply the correct stand, view, and method to analyze problems, to enhance understanding, and to unify thinking. Education must be conducted gradually, after full preparations are made. According to the six special subjects enumerated in the "main points of education," we must organize study and discussion of them one by one. According to different targets, we must put forward different demands and attach importance to the results of education. Leading cadres must take the lead in studying well. Grass-roots education must be conducted mainly in the form of studying documents, attending political lessons, and explaining, publicizing, and answering, questions by leading cadres. On the basis of studying documents well, it is necessary to carry out mass discussion in an organized and guided way, and to give everyone typical opinions on bourgeois liberalization for discussion and criticism, so as to clearly distinguish between right and wrong and to unify understanding. Apart from making arrangements for study in a concentrated way, in conjunction with giving political theory lessons, it is essential to penetratively conduct education in the four cardinal principles for students of academies and schools. In the course of education, it is imperative to have a strict grasp of policy demarcation lines according to stipulations by the CPC Central Committee and Central Military Commission.

The circular also demands that: Education in adhering to the four cardinal principles and opposing bourgeois liberalization be integrated with implementation of the spirit of the 6th Plenary Session of the 12th CPC Central Committee and of the enlarged meeting of the Military Commission, and with education in ideals, morality, glorious traditions, and the legal system, PLA units' ideological and political work and socialist spiritual civilization building be constantly strengthened; and that the revolutionizing, modernizing, and regularizing of our Army be stepped up. According to these main points all units may compile popular propaganda and teaching materials and give them to grass-roots cadres and fighters to read. It is necessary to pay attention to summing up experiences in conducting positive education well and to strengthen education guidance.

#### JIEFANGJUN BAO URGES DEEPENING REFORM IN TRAINING

HK170721 Beijing JIEFANGJUN BAO in Chinese 6 Feb 87 p 3

[Article by Wang Chengbin (3769 2052 2430): "Changes in Strategy and Deepening the Reform in Training"]

[Text] Since the strategic changes in the guiding ideas on our Army building, greater stress has been focused on deeping the reform of training. This stems from the need to upgrade the level of military training in our Army as well as the pressing demand for placing military training on the track of modernized and regularized construction in peace time. Deepening the reform in training involves not only concepts in the ideological realm but also measures in practice. I should like to discuss with my comrades a few questions in my personal views as follows.

#### Results of the Party and Effects of the Whole [subhead]

Regarding the whole Army, the reform in training is one big system full of total cooperation. [paragraph continues]

Practice has proved that the ideal results of the partial do not necessarily promote the upgrading of the effects of the whole; on the contrary, the whole training system may advance toward the fixed target of reform even if the results of the partial may suffer some losses, based on macroscopic effects. The strategic changes in the guiding ideas on our Army building have gradually clarified the strategy for development of military training, and the key to the success or failure of the reform is to handle well the relation between the results of the partial and the effects of the whole.

We must make overall and unified planning for the reform in training based on the goals for each stage, decide on the contents of reform with targets, steps, and focal points, and put the reform in training in perfect order, focusing on total effects, based on partial breakthrough. Efforts should be exerted in the structure, contents, means, and ways of organization of training, so that the general layout may continuously become rational and scientific. Corresponding criteria for appraising comprehensive results should be worked out on this basis. Laying stress on total effects does not mean neglecting partial results; it means that a partial breakthrough must be linked with the quantitative pattern of the general goal. In short, in the field of reform in training, we need a partial breakthrough in the mode of the blooming of a hundred flowers and, still more, overall coordination and a centripetal force under macrocontrol.

#### Open-Style Training and Inheriting-Style Training [subhead]

The so-called inheriting-style of training refers to the way of training with an obvious color of tradition, characterized in the main by carrying forward the traditions of military training. The practical experiences of our Army over several decades are concentrated in the traditional contents and methods of training, which are closely connected with the national and military conditions in China. These continue to play a major role in maintaining the combat effectiveness of our Army in many aspects in the new historical conditions. Therefore, it is necessary to develop them on the basis of inheritance. However, with the development of the situation and the changes in the tasks and nature of education and training, development of training is out of the question by purely relying on its own strength and a very narrow space. Objectively, we are required to get rid of the closed realm of training, to open the vertical and horizontal information channels, and to implement open-style training. Open-style training has different layers. Generally speaking, it refers to the opening up of information and human resources, as well as the results of intelligence. Opening up implies maintaining the dynamic equilibrium of military training. In the horizontal respect, it requires that education and training face the world and society, and that we improve the results of training through necessary import of intelligence and technological results. At the same time, it also requires mutual reaction between all services, and all arms of the services, and between all units, and a high level of cooperation at many layers over a broad spectrum, from a macroscopic angle. In the vertical respect, feedback to upper levels and control of subordinates are mainly stressed, as well as making scientific decision making on training through continuous revision and following up. In short, the "three facing" principle embodied in the realm of training means to adopt the road of open-style training. Of course, we still have the question of carrying forward traditions in opening up, as well as the question of control.

#### Systematic Development and Maintaining Characteristics [subhead]

The pursuit of systematic development is where the purpose of the reform in training lies. However, we must also see the realistic meaning of maintaining characteristics for the reform in training of our Army. [paragraph continues]

Characteristics in the field of training refer to the series of contents of reform suitable to the needs of the predominant environment of the trained troops based on systematic planning, and should be capable of breaking through traditional training. Intentions of corresponding characteristics are required at different strata in training. With the differences in their political systems, economic conditions, conditions of battlefields, and material bases for training, the styles and ways of training are different in every country. Regarding the PLA, it is necessary to maintain the characteristics of the main system of training as well as the subsystems. Because of the differences in geographical environments, climates, technological reserves, fighting tasks, and social factors, a unified pattern in training will inevitably result in a static equilibrium and reform in training will lack depth as well as vitality. Therefore, we should, on the one hand, establish a sense of strategy, consciously subject ourselves to the unified planning of the main system of training of the whole Army, and harmonize ourselves with the entire training system; on the other, we should highlight our own characteristics, and enrich the system of reform in training under the guidance of planning of the main system with its general character. For example, it is necessary to create one's own characteristics in conducting unified education and training for both the Army and civilians as well as training of a "reproductive type." The military district layer has many favorable conditions for creating its own characteristics. However, attention should be paid to the point that in creating one's own characteristics, consideration must be given to the value of their popularization and the time of their functions. Otherwise, it will not help systematic development.

#### The "Transcendence" of Theory, and Training Practice [subhead]

The prelude of the reform in training often begins with a new theory of training. The "transcendence" of theory is the requirement of the development in reform. Only by standing at the commanding height of the future and making a macroscopic forecast will it be possible to master the direction of reform in training. However, some basic characteristics of training itself will bring about contradictions between the "transcendence" of theory and training practice. On the one hand, the questions under theoretical exploration in the reform of training already have corresponding depth, and new concepts as well as new viewpoints have emerged one after another; on the other, training is an extremely practical activity, and its reform is inseparable from theoretical guidance; however, if theory is too "transcending," abstract, and lacking measures in practice, it will lose its proper guiding significance. Therefore, when some people proposed "transcending-style" training, others disagreed and held the view that training cannot be "transcending," and must be based on realities and conducted in order and step by step.

In fact, a complete training system includes the part of practice based on such material concepts as weaponry and means of training, as well as the part of theory based on modern ideas and accurate forecast. The implication of "transcendence" lies precisely in making theoretical guidance propel the modernization of the targets, contents, approaches and even means of training. As to how to overcome the separation of theoretical research from training practice, it seems that attention needs to be called on the following points: First, strengthening the accuracy of forecast; second, in the building of training theory, it is necessary to grasp well the relation between the academic and guiding qualities, and to change many advanced concepts, scientific forecasts, and abstract notions into specific, feasible measures; and third, it is necessary to promptly apply valuable theoretical results to the reform of training in practice, while testing their feasibility through the feedback of practice.

## Regular Training and Special Training [subhead]

If we take an extensive survey of the world military scene, we will find that many countries have implemented the principle of "walking on two legs" to different degrees in the field of training. On the one hand, they carry out systematic regular training to deal with total war or as a realistic deterrent force, and they have correspondingly formed a series of operational theories, such as the theory of "unified air-ground operation," and the theory of "massive three-dimensional operation"; on the other, they carry out strict special training among a small number of special troops to deal with partial wars and random eventualities to achieve the strategic targets of a campaign with tactical actions. For example, the Israeli "Wild Kids" [ye xiaozhi 6851 1420 1311], the British "Commandos," and the U.S. "Green Berets," — these special forces are familiar to all.

The strategic change in the PLA's guiding ideas signifies that we must make full use of the relatively stable peaceful environment and base efforts on upgrading the all-round qualities of the Army, and be ready to deal with possible world war in the future. Therefore, the tasks for regular training are extremely heavy. However, we should also have a good understanding of the current world situation and China's surroundings. Partial wars have never ceased in the four post-war decades, and such a trend continues to develop. Therefore, we must maintain high vigilance, and strengthen special training to heighten our capability to deal with eventualities. As to how to conduct special training, experimental training of various types may be conducted to acquire experiences under the precondition of the existing organizational structure.

PLA TO LECTURE CADRES ON 4 CARDINAL PRINCIPLES

OW270334 Beijing XINHUA Domestic Service in Chinese 1420 GMT 26 Feb 87

[By correspondent Dai Puzhaong and reporter Chen Xiangan]

[Text] Beijing, 26 Feb (XINHUA) — The first lecture to training classes sponsored by the PLA General Political Department to educate key cadres in upholding the four cardinal principles and opposing bourgeois liberalization began today. More than 900 people, including members of party committees at all levels of the General Political Department, theoretical propaganda cadres, and cadres of organs heard a briefing by Lu Zhichao, director of the Theoretical Bureau of the CPC Central Committee Propaganda Department, entitled "A Number of Issues on Opposing Bourgeois Liberalization."

Zhou Keyu, deputy director of the General Political Department, said: Conducting positive education in upholding the four cardinal principles, opposing bourgeois liberalization, and studying and implementing the guidelines of the enlarged meeting of the Central Military Commission are two major affairs for the military. Leading cadres, especially high- and middle-ranking cadres, should take the lead in conducting studies. This is more so with political cadres of leading organs and political organs, who should play an exemplary role.

The training classes will invite relevant experts and professors from the Central Propaganda Department, the CPC Central Committee Secretariat Research Center, the Editorial Department of HONGQI, and the Central Party School to deliver lectures on six topics, including "Upholding Socialism in Modernization, Reform, and the Open Policy," and "On Democracy and Freedom." Study and discussion sessions will be held with all or part of the students attending each session.

CHENGDU MILITARY LEADER VIEWS EDUCATING PEOPLE

HK220622 Beijing RENMIN RIBAO in Chinese 17 Feb 87 p 4

[Article by Wan Haifeng (8001 3189 1496), political commissar of Chengdu Military Region: "Do a Good Job of Positively Educating People To Adhere to the Four Cardinal Principles"]

[Text] Now, a struggle against bourgeois liberalization, which is also aimed at upholding the four cardinal principles, is unfolding on the political front. According to the arrangements made by the central authorities, the duty of the PLA is mainly to educate the masses of party members by positive means. This is very correct. We have resolved to educate by positive means the masses of party members in adhering to the four cardinal principles, to make this an important regular task for our troops, and to unremittingly concentrate our attention on it until it is successfully fulfilled.

To educate by positive means the masses of party members in adhering to the four cardinal principles means something very special to the Army. The PLA is a pillar of the people's democratic dictatorship. If its pillars are insecure, a building is in great danger. The stability and great unity of the PLA are important conditions for ensuring that the country will remain peaceful and that it will be smoothly modernized. In recent years, on the basis of this idea, our Military Region has paid close attention to educating the troops in adhering to the four cardinal principles. Since the country's rural policies became more flexible, we have paid close attention to helping our cadres and fighters get a clear idea of the situation by simultaneously examining the rural economic structural reform and how production actually develops. Now, they all know that the party's rural economic policies are correct. Since the central authorities decided to reform the urban economic structure, we have guided our troops in coherent study of the several Documents No 1 issued by the central authorities on the rural reforms and in deepening their understanding of the urban economic structural reform in the light of the results of the rural economic structural reform. Since the opening up policy was put into effect, we have more than once educated our troops in comparing two social systems. As a result, our cadres and fighters have further confirmed their belief that only socialism can save China. In addition, we also have paid close attention to the special topic of "building socialism with Chinese characteristics" in the course of educating our cadres and fighters, thus enabling them as a whole to deepen their understanding of the reforms, the opening up policy, and the policy of revitalizing the domestic economy. In the course of educating them, attention was focused on the profound effects of the country's political and economic changes on the Army, and the special qualities of Army cadres and troops in the 1980's were given full consideration. Our efforts were aimed at concrete things and we did things in a lively manner. Thanks to all this, we have enriched the education about the four cardinal principles with remarkable success. Our cadres and fighters conscientiously act in unison with the party Central Committee in ideological and political matters and uphold the country's political stability and unity, thus ensuring a high degree of centralization and unity in the Army and the fulfillment of their tasks, such as receiving training, garrisoning the frontiers, and fighting. Our Military Region's leading cadres at all levels have benefited from the four cardinal principles. Thus, they deeply understand that we must build our Army by adhering to the four cardinal principles. By paying close attention to this education, we can heighten our awareness; have good discipline, unity, good cadres, and great combat strength; and build our troops with all-round success. The central authorities have reiterated the need for the Army to pay close attention to educating people in the four cardinal principles. We will resolutely do so.

Judging by the practice in the Chengdu Military Region in recent years, it can be seen that to successfully educate people by positive means, it is first necessary to educate people by combining adherence to the four cardinal principles with adherence to the principle of carrying out reforms, opening the country to the world, and revitalizing the domestic economy. Some comrades are rather biased. On hearing that we should adhere to the four cardinal principles, they immediately think that somebody is going to "tighten the grip," and on hearing that it is necessary to adhere to the principle of carrying out reforms, opening the country to the world, and revitalizing the domestic economy, they immediately think that there is no longer the need to adhere to the four cardinal principles. In view of this bias, apart from trying our best to do well in the kind of education described above, we have paid close attention to organizing our troops to combine and study the writings by some central leading comrades on adherence to the four cardinal principles and adherence to the principle of carrying out reforms, opening to the outside world, and revitalizing the domestic economy. We have guided our cadres and fighters to profoundly understand that the purpose of "adhering" to these principles is to build socialism with Chinese characteristics and that all these principles are interrelated and indispensable. Without the four cardinal principles, we will lose our bearings in carrying out reforms, in opening the country to the outside world, and in revitalizing the domestic economy and we cannot ensure that we will ever be successful. If we do not carry out reforms, open the country to the outside world, and revitalize the domestic economy, social productive forces cannot rapidly develop and building socialism with Chinese characteristics will be out of the question. We must not, just because we are opposing bourgeois liberalization, hinder the implementation of the principle of carrying out reforms, opening the country to the outside world, and revitalizing the domestic economy. We should properly help our cadres and fighters discard their one-sided views. It is still very necessary to pay close attention to this problem in the course of educating people by positive means.

Furthermore, our Military Region also pays close attention to combining the efforts to educate people in adhering to the four cardinal principles with the efforts to educate party members in party spirit. We want our party members to play an exemplary role in adhering to and upholding the four cardinal principles. We have organized party members to combine the four cardinal principles with the party Constitution before studying them. As a result, everybody knows that the four cardinal principles are the fundamental principles by which we build the country and the party and that they are incorporated into both the Constitution and the party Constitution. Whoever has shaky faith in, doubts, or opposes the four cardinal principles is not qualified for party membership. We also ask party members to earnestly practice the four cardinal principles and to regard this as the most practical way to temper their party spirit. Specifically, we ask everybody to do the following four things: First, it is necessary to make our faith firm, to have great confidence in our socialist cause, to be of one heart and one mind with the party, and to act in unison with the party Central Committee in ideological and political affairs; second, it is necessary to creatively combine the party's line, principles, and policies with our work and the work of our units or departments and to properly implement them; third, it is necessary to unite with the masses, to properly do our work, and to contribute to the four modernizations; and fourth, it is necessary to uphold the party's unity and the country's political stability and unity and to strictly observe the party's political and organizational discipline.

Our Military Region also pays close attention to organizing the masses of party members to study again and again the four cardinal principles with special reference to the struggle against bourgeois liberalization. [paragraph continues]

In each of the several years between March 1979, when he delivered his important speech "Upholding the Four Cardinal Principles" at a meeting held by the party to discuss ideological and theoretical issues, and the end of 1986, Comrade Deng Xiaoping reiterated the need to adhere to the four cardinal principles and to oppose bourgeois liberalization. We have promptly circulated and studied all his speeches. Last year, Comrade Deng Xiaoping delivered a speech on opposing bourgeois liberalization at the 6th Plenary Session of the 12th CPC Central Committee. After that, the party committee of our Military Region held an enlarged session to earnestly study this speech and to promptly unify the thinking of leading cadres at all levels on the nature and profound significance of the struggle against bourgeois liberalization, which is also aimed at upholding the four cardinal principles. Not long ago, we organized the Military Region's troops to receive an education in the four cardinal principles and organized party members to properly study and discuss the relevant documents issued by the central authorities in order to enable our comrades to clearly understand the theoretical relationship between adherence to the four cardinal principles and the four modernizations, the difference between socialist democracy and bourgeois democracy, and the substance of bourgeois liberalization and to more conscientiously adhere to the four cardinal principles.

We realize that to properly educate people in the four cardinal principles in a positive way, it is necessary to know clearly what is covered by various policies and to stress the proper methods. The main way to educate people is to conduct studies and hold discussions. It is necessary to try to enlighten people and to chat and discuss ideas with them. In the course of educating people, we must not demand that people be inspected and pass tests at each level or trace and dig into people's connections with their superiors and subordinates. We must not refer to ordinary erroneous views as "liberalization" or regard common mistakes made by cadres and fighters, such as not observing discipline and absence without leave, also as "liberalization." Bourgeois liberalization has its very special meaning. It means negating the socialist system and advocating the capitalist system. At the core of all this is the intention of negating the party's leadership. Bourgeois liberalization and liberalism are two different concepts. We must not arbitrarily magnify things or criticise people by exaggerating things. As for those whose understanding of things is vague, we should try to educate them, persuade them, and improve their understanding by means of heart-to-heart talks. As for those who have spread views on liberalization, we need not grab onto them so long as they are willing to be educated and to observe discipline. We should mainly try to educate people to distinguish right from wrong and help them improve their understanding of things.

#### MOST PLA OFFICERS GRADUATES OF MILITARY SCHOOLS

OW261933 Beijing XINHUA in English 1448 GMT 26 Feb 87

[Text] Beijing, February 26 (XINHUA) -- Graduates from military colleges and schools have become the majority among the officers of the People's Liberation Army (PLA), according to a meeting now in session in this Chinese capital.

Since 1980, military schools and colleges have trained a total of 400,000 cadets, of which 320,000 were enrolled from the PLA itself, 70,000 from middle schools and 5,000 from among college graduates.

As a result, the proportion of the officers with an education below middle school decreased from 56.9 percent in 1980 to eight percent at present, while the proportion of those with senior middle school and tertiary education rose from 34.1 percent to 64.4 percent, and that for people with still-higher education, from nine percent to 27.6 percent.

LI DESHENG STRESSES IDEOLOGICAL, POLITICAL WORK

HK260621 Beijing JIEFANGJUN BAO in Chinese 17 Feb 87 p 3

[Article by Li Desheng (2621 1795 3932): "The Combat Task for Ideological and Political Workers" — Excerpt of a preface written by the author for Comrade Huang Hong's book 'Thoughts on Returning From Battle,' which will soon be published by the publishing house of the National Defense University]

[Text] The revolutionary Army's modernization and regularization require our political workers to give consideration to more things and to work in a creative way to solve the large quantity of new problems appearing in the new period. Both new and old comrades should have the spirit of making exploration and innovation. However, there is an orientation issue in our exploration and innovation. In the previous period, a very small number of people negated the four cardinal principles and advocated bourgeois liberalization. In the political field, they opposed the party's leadership and socialism; in the ideological field, they used decadent bourgeois ideology and various anti-Marxist theories to influence young people. They decried our political methods by saying that political work "smothers human nature," negated the revolutionary spirit of being selfless and hardworking, and denounced the communist ideal as "a false thing." They clamored that "all such ideals and false things should be discarded." Obviously, in order to maintain the correct orientation in the reform and innovation in our Army's political work, we must resolutely draw a clear line of demarcation between our reform and innovation and the trend of bourgeois liberalization. All of our reforms and innovations must be carried out under the premise of adhering to the four cardinal principles. Political work is the lifeblood of our Army. The fundamental purpose of reform and innovation is to better grasp the regularity in conducting education in the advanced communist world outlook under the new historical conditions among all commanders and soldiers, especially the younger generation, and to more effectively guarantee the party's absolute leadership over the Army and its proletarian nature.

When encouraging continuous innovation in our political work, we should also correctly understand and handle the relationship between tradition and innovation. Our development and innovation should be based on carrying forward the fine tradition of our Army's political work. Carrying forward the tradition should be integrated with developing new things, and the two aspects must not be separated and set against one another. The advocates of bourgeois liberalization not only assumed a nihilist attitude toward the outstanding cultural heritage of our nation, which has been passed down for thousands of years, but they also attached a "leftist" label to the fine tradition of our party and Army and tried to negate it completely. They said that our ideological education among the younger generation and our call for the young people to learn from Lei Feng "would just create tools rather than training people." What they said was certainly not a scientific exploration. Our Army's fine tradition of political work demonstrates the nature of the people's Army. It not only played a significant role in guaranteeing the victory of the revolutionary war and the building of the people's Army in the past, but will still have strong vitality under the new historical conditions. From the dedicated spirit of our cadres and soldiers in the Laoshan frontline today, we can feel the existence of the Jinggangshan spirit and the Yanan spirit, which have passed from generation to generation, and the spirit of Lei Feng in the period of socialist construction. At the all-Army political work conference in 1978, Comrade Deng Xiaoping talked about restoring and developing the fine tradition of political work under the new historical conditions, and his speech is still of great immediate significance. [paragraph continues]

We should deepen our study of this issue in connection with criticizing bourgeois liberalization, properly handle the relationship between carrying forward the tradition and carrying out innovation in a dialectical way, firmly carry out the reform of our political work, and let the fine tradition come into more splendid bloom under the new historical conditions.

The younger generation is the future of our party and state, and is the main object of our ideological and political work. An important subject in our ideological and political work is to study the characteristics of today's young people. The advocates of bourgeois liberalization took advantage of the young students' weak points of lacking practical experience and being apt to become agitated, and incited them to cause disturbances. They said that "hopes are placed in the young intellectuals growing up in the 1980's." This reminds us that we must also correctly notice and grasp the essence, characteristics, and tendencies of thought of contemporary youth, including the young intellectuals. We should fully affirm their strong points, and firmly believe that most young people love the party and the socialist system and hope to contribute their wisdom and resourcefulness to the four modernizations; at the same time, we should also notice their weak points. The advocates of bourgeois liberalization used the method of lavishing praise on the young intellectuals in order to lure them to an evil road, and we must expose their sinister motives. It is also necessary for us to review our ideological education for young people. In the years of reform and opening up, contemporary young people are more active, open, and critical in their thinking, and pay more attention to horizontal comparison. This does not mean that it is not necessary to imbue them with Marxist theory and guide them with Marxism, nor does it mean that the method of vertical comparison with the past is outmoded and ineffective. We should, on the basis of fully realizing the essential characteristics of today's young people, make great efforts to improve the methods of our ideological and political work and create various educational forms which are suited to the characteristics of young people. In view of their shortcomings and weak points, we should strengthen systematic education in Marxist theory, revolutionary history, and the revolutionary tradition and should guide them to take an active part in the social practice of building socialism.

Opening up to the outside world is an unshakable basic national policy. If we do not recognize the positive role of reform, opening up, and developing commodity economy in the building of socialist spiritual civilization, and reject the achievements of spiritual civilization created by all mankind, we will just repeat the "leftist" mistakes. However, it is also a one-sided and metaphysical viewpoint to hold that it is not necessary to guard against the inroads of decadent bourgeois ideology and the inroads of principles of commodity exchange into our social and political life in the course of opening up to the outside world and developing commodity economy. This would just disarm people and pave the way for bourgeois liberalization. Our ideological and political work should build up people's ability to resist the influence of decadent capitalist ideology in the open social circumstances. For this reason, cadres engaged in political work not only must reach a high plain of Marxist theoretical attachment, but must also broaden the scope of their general knowledge. If they have no knowledge about the Western social system and about the theories and ideas of Western bourgeois thinkers, how can they strike effectively at bourgeois liberalization and answer pertinently the various questions in the minds of young people? To meet the requirements of the opening up situation, the study methods of our political work theory should also be of an open style, and must not be of a closed pattern. In recent years, in order to strengthen the theoretical foundation of the Army's political work, our cadres responsible for political work have also extensively studied knowledge, theory, and methods in various branches of learning, and have achieved gratifying results. [paragraph continues]

Of course, the fundamental purpose of such studies is to increase the effectiveness of our political work, and the premise is adherence to the basic political principles and political orientation. Only thus can we really understand and apply what we have learned to achieve our own purpose and prevent ourselves from indulging in seeking flashy things without substance.

While laying emphasis on opposing bourgeois liberalization, we must not restore the previous "leftist" practices in our political work. Since the 3d Plenary Session of the 11th CPC Central Committee, we have made great efforts to eliminate the "leftist" influence in the Army's political work and have stressed that political cadres must be highly conscious in this regard. Now we are still making efforts to do this. "Leftist" practice cannot correctly oppose bourgeois liberalization. Our principle for political work is to seek truth from facts and to oppose both "leftism" and rightism wherever they appear. An important point in the successful experience of the political work of the Army units in the Laoshan frontline is the discarding of "leftist" practices and the restoring of our party's fine tradition of seeking truth from facts. Military operations need a realistic attitude, and the baptism of fire and blood in battle has effectively washed away the "leftist" things in the field of political work. This experience should be summed up and it will be extremely helpful.

In short, political work is a branch of science with distinct party spirit characteristics and practical characteristics, so political work studies must follow the principle of linking theory with practice. The combat task for our ideological and political workers is to uphold the four cardinal principles and to further strengthen and improve our ideological and political work in the practice of building socialism with Chinese characteristics and in the struggle against bourgeois liberalization, and to improve their own work abilities in the struggle.

#### JIEFANGJUN BAO ARTICLE ON MEANING OF FREEDOM

HK170509 Beijing JIEFANGJUN BAO in Chinese 5 Feb 87 p 3

[Article by Lu Chuntian (4151 4783 3944): "Freedom Does Not Mean Shaking Off All Restraints"]

[Text] What is freedom? Taken literally, freedom means shaking off restraints. If a person is restrained by an external force and cannot move independently, he is in a state of no freedom.

However, what would the state be if people shook off all restraints, acted rashly at will, and walked recklessly in the streets; if motor vehicles were driven recklessly and failed to stop for a red light; and if people did not abide by orders or queue up while shopping? All freedoms would be lost. To strive for freedom, we want to shake off restraints, and when no restraints exist, freedom also does not exist. This seems to be a contradictory proposition, but it is a solemn and just fact. This is what Rousseau meant when he said: "I am willing to live and die freely, that is to say, I want to think of the law in this way, and neither I nor anyone else must shake off the honorable restraints of law, which are moderate and useful restraints and which even the proudest people will tamely and docilely accept. You want freedom and you must accept restraints. This appears to be a contradictory proposition, but it is also a fact."

People are social animals and exist not as individuals but as a colony. Therefore, individual freedom must presuppose noninterference with other people's freedom. With individual freedom, people drive motor vehicles at will through red lights and people whisper to lovers or have fun in a movie theater, but in doing so, they endanger the safety of pedestrians and interfere with other people's appreciation of the film. People who do not observe regulations, systems, or labor discipline in production bring about even bigger harm to other people and the collectives. If freedom is sought at the expense of others' freedom, and if, in the course of striving for freedom, no freedom is given to others, freedom will become sheer fiction and nothing.

Therefore, to enable a society and a colony to commonly enjoy freedom, we must coordinate people's deeds and have a standard which the whole society and colony commonly follow to guarantee freedom. Montesquieu said: "Freedom is the right to do things permitted by law." In fact, the standard for people's actions is not only law but also discipline, regulations, systems, conventions, and so on. They are compulsory, and no matter whether you are willing or not, you must observe and will be dealt with according to the seriousness of the cases if you violate them. Freedom, therefore, means the existence of restraints. To strive for freedom, we must shake off the restraints of superstition, and hierarchical privileges and the ethical and moral restraints of feudalism, and so on, and we must conscientiously accept restraints by abiding by the socialist law and discipline and the regulations, systems, and conventions formulated by all groups. Unlike some people's understanding, our understanding is that freedom does not mean shaking off all restraints. On the contrary, it means accepting proper and reasonable restraints. Rousseau called law the "honorable restraint" of people and I think that this is its meaning. The absence of law therefore means that the deeds of encroaching upon others' freedom will not be sanctioned by the compulsory force of society. Thus, people's safety cannot be guaranteed, not to mention their freedom!

Goethe said: "If a person announces that he is free, he will feel at the same time that he is restrained. If he dares to announce that he is restrained, he will feel that he is free." This means that while seeking freedom, we must conscientiously accept restrictions and restraints as laid down in the standards of society. All deeds of violating law, discipline, and publicly recognized social standards regardless of their motives, blaspheme freedom. Young comrades! When you talk about the sacred word freedom, please remember this.

#### COMMENTATOR URGES PLACEMENT OF DEMOBILIZED CADRES

HK241540 Beijing RENMIN RIBAO in Chinese 20 Feb 87 p 1

[Commentator's article: "Earnestly Do a Good Job in Making Arrangements for the Placement of Demobilized Cadres"]

[Text] This year, a large number of PLA cadres will be transferred to civilian work. All units and personnel departments at all levels must show high enthusiasm and a high sense of responsibility and do their best to properly arrange the placement of these demobilized cadres.

The CPC Central Committee and the Central Military Commission have decided to streamline the structure of our Army and reduce the number of troops by 1 million. This is a major reform in the Army's history, and is also a major step for realizing the strategic change in the building of the Army. The implementation of this policy decision should first rely on the efforts of the Army itself, but the Army also needs support and help from party organizations and governments at all levels, especially in the placement of demobilized cadres. The PLA is our own Army. The reorganization of the Army is also a matter concerning civilian party and administrative organs and the general public. It is an unshirkable duty for the cadre and personnel departments of local party committees and governments at all levels and for all trades and departments to care for and love the cadres transferred from the Army to civilian work and to do their best to place them in appropriate positions. In recent years, we have done a great deal of work in this regard. Now, we should continue to make efforts to complete this work. This is a necessary condition for the successful completion of the Army's reorganization and will help Army cadres in active service feel at ease and keep their minds on their work in the Army. Therefore, properly arranging the placement of the demobilized cadres is the best way to support the Army.

Army cadres form a part of the cadre contingent of our party and state. Although military work is quite different from civilian work, there are still many common points. Practice shows that through long education and training in the Army, the Army cadres can adhere to the four cardinal principles, have a high degree of political consciousness and policy sense, have experience in doing political work, have ability to do organizational and management work, have the spirit of fearing no hardship, have a good work style of maintaining links with the masses and being serious and earnest in performing duties, and have a high sense of discipline and organization. In recent years, the Army has been organizing the soldiers to study science and general knowledge and carrying out the activities of training talented people for both military and civilian work. This has greatly raised the educational and professional level of the army cadres, and they have acquired more of the abilities needed in civilian work. Through training and continuous study, they can certainly adapt themselves to the needs of civilian work and become a new force in our country's modernization construction.

Qualified and competent personnel form the key to our modernization cause. Now we do not have enough qualified and competent personnel in various posts let alone having too many trained people. The demobilized cadres have dedicated their wisdom, resourcefulness, and valuable time to the building of the Army. In general, they all have their strong points and specialties. We should warmly welcome them and properly arrange their placement so that they can make new contributions to the motherland's construction.

Those cadres who are transferred from the Army to civilian work should bear in mind that they are from the people's Army that has a glorious revolutionary tradition, and should understand the difficulties of the state and the civilian departments and localities. They should adapt themselves to the needs of the motherland, believe in the organization, and obey the placement of the organization. They should do their best to contribute to the four modernizations cause.

JIANGXI LEADER CREATES CONSULTATIVE COMMITTEE

GW230746 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 22 Feb 87

[Text] The Policy-Making Consultative Committee of the provincial people's government was founded in Nanchang this afternoon. Its establishment will upgrade the government's policy-making and open up a new channel for those intellectuals who strive to revitalize Jiangxi's economy to display their talents. Provincial party, government, and military leaders Wan Shaofen, Wu Guanzheng, Zhao Zengyi, Di Sheng, Liang Kaixuan, (Chen Guisun), Shen Shanwen, and Wu Yongle were present at the inauguration meeting. Speaking at the meeting, Governor Wu Guanzheng pointed out that the purpose of setting up a policy-making consultative committee is to comprehensively and correctly follow the line formulated at the 3d Plenary Session of the 11th CPC Central Committee; improve government work; upgrade government policy-making; and concentrate energy on promoting social productivity, with an eye to expediting Jiangxi's economic development.

Wu Guanzheng said enhancing the role of policy-making through consultation is an essential part of building socialist democracy and bringing it into full play. Doing so also further carries out the important policy of respecting knowledge and cherishing the talented, as well as meeting the objective needs for improving government policy-making. In order to ensure a sound policy-making process, merely relying on the intelligence and ability of leading cadres is not nearly enough: it is imperative to depend on the collective wisdom of experts from various fields. Policy-making through consultation indicates a major shift from empirical policy-making to scientific policy-making and from a conventional mode of leadership to a modern one. The basic task of the Policy-Making Consultative Committee is to provide the provincial people's government with advice and suggestions, in accordance with the guiding principles of the party Central Committee and the State Council and in the light of actual conditions, through feasible studies on such issues as strategies and plans, key projects, and technical matters and by tapping our resources in connection with Jiangxi's economic restructuring and socio-economic development.

Wu Guanzheng called on the Policy-Making Consultative Committee to uphold the four cardinal principles; study Jiangxi's actual situation with a Marxist stand, viewpoint, and method; and offer proposals and suggestions on the basis of combining theory with practice and considering current and long-term needs. At present particular attention should be paid to the two major tasks in economic work, namely, improving economic efficiency through increasing production and practicing economy and stepping up reforms by strengthening agricultural foundations and invigorating enterprises. It is necessary to proceed from reality in order to foster a scientific spirit of conducting independent research and a serious and honest style of study. Emphasis should be placed on improving consultative policy-making research methods, intensifying organizational and coordinating functions, and giving full scope to collective superiorities and overall benefits. Personnel engaged in consultative policy-making should strive to accomplish their undertakings and attain their goals by studying hard, harboring ideals, observing discipline, and working diligently and without complaint.

The Policy-Making Consultative Committee of the provincial people's government has appointed 93 specialists, scholars, and field workers on a part-time basis for a tenure of 5 years in general. Provincial party, government, and military leaders presented letters of appointment at the meeting. (Li Ce), director of the Policy-Making Consultative Committee, delivered a special speech on increasing production and economizing and increasing revenues and reducing expenditures.

JIANGXI'S WAN SHAOGEN, OTHERS ATTEND LAW CLASS

GW260419 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 24 Feb 87

[Text] Leaders of the Jiangxi Provincial CPC Committee and other provincial organs attended a law class to study the NPC Standing Committee's Decision on Intensifying Legal Education and Maintaining Stability and Unity this morning.

Wan Shaofen, Liu Fangren, Wang Zhaorong, Lu Xiuzhen, Zhao Zengyi, (Xu Sheng), Liu Zhonghou, and Wu Ping, as well as responsible comrades of the provincial Advisory Committee, the provincial Discipline Inspection Committee, the provincial government, and the provincial CPPCC Committee — a total of 120 people — attended the class. Also sitting in were cadres of the various departments and bureaus currently studying law at the party school of the provincial party committee.

The NPC Standing Committee's decision on intensifying legal education and maintaining stability and unity is an important teaching medium for conducting legal knowledge among the people by focussing on the Constitution. It is an effective legal and ideological weapon to ensure adherence of the four cardinal principles, opposition to bourgeois liberalization, and preservation of stability and unity. (Liu Fangxian), director of the teaching and research section on law at the party school of the provincial party committee, gave a lecture on the significance and contents of the decision.

SHANDONG'S LIANG BUTING AT SCIENTIFIC CONGRESS

SK221048 Jinan Shandong Provincial Service in Mandarin 2300 GMT 21 Feb 87

[Excerpt] The third congress of the Shandong Provincial Scientific and Technological Association ceremoniously opened at the auditorium of the Dongjiao Hotel in Jinan City on the morning of 21 February. Attending the congress were 800 regular delegates and 100 representatives specially invited to the Congress. The central task of the congress is to mobilize the broad masses of scientific and technical workers throughout the province to unite as one, to devote themselves to the drive to conduct reforms, and to make contributions to fulfilling the province's Seventh 5-Year Plan and making the people wealthy and the province prosperous.

Attending the congress were leading comrade from the Shandong Provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial people's government, and the provincial CPPCC Committee, including Liang Buting, Li Changan, Lu Maozeng, Jiang Chunyun, Yang Yanyin, Cui Weilin, Miao Fenglin, Zhang Guanjing, Wang Jinshan, Li Farong, Lin Ping, Li Zichao, and Zhou Zhenxing; and responsible comrades from the departments concerned, the administrative units, and the provincial Military District.

Wang Zunong, executive chairman of the congress's presidium, presided over the opening ceremony of the congress, at which, (Chen Ruitai), vice chairman of the provincial scientific and technological association, delivered a speech.

Chen Shengwu, Secretariat member of the China Association for Science and Technology, also delivered a speech at the ceremony to extend congratulations on the occasion on behalf of the China Association for Science and Technology.

At the opening ceremony, Comrade Lu Maozeng, on behalf of the provincial party committee and the provincial people's government, also delivered a speech.

Comrade Zeng Chengkui, entrusted by the second committee of the provincial scientific and technological association, delivered a work report entitled: Unite as One, Wage Arduous Struggle, and Devote Ourselves to the Drive To Conduct Reforms To Make Contributions to Fulfilling the Seventh 5-Year Plan and Making the People Wealthy and the Province Prosperous. [passage omitted]

#### LIANG BUTING ADDRESSES SHANDONG MILITIA MEETING

SHD20225 Jinan Shandong Provincial Service in Mandarin 2300 GMT 28 Feb 87

[Text] The provincial meeting on exchanging experiences gained in building militia reserve forces concluded in Jinan City on 28 February. The meeting pointed out that during the current period and in the future, our province should make efforts to adapt its work of building militia reserve forces to the strategic change in the guiding ideology of building national defense reserve forces, to curtail the number of reserve forces and upgrade their quality, to do a good job in grasping the key work and laying a solid foundation, to promote the integration between the militia and reserve force systems, and to lead the broad masses of militiamen to plunge into the program of building the two civilizations in line with the grand target of economic construction.

Attending the meeting were leading comrades from the provincial party committee and the provincial people's government, including Liang Buting, Lu Maozeng, Jiang Chunyun, Gao Changli, Ma Chagui, and Ma Zhongchen; from the Jinan Military Region, including Gu Hui and (Song Qingwei); and from the provincial Military District, including Liu Yude and (Tao Pengsheng). At the meeting the leading comrades presented honorary banners and citations to the representatives of 64 advanced militia units and 78 advanced individuals commended by the provincial party committee, the provincial people's government, and the provincial Military District.

At the meeting Liang Buting, secretary of the provincial party committee, delivered a speech in which he stressed: The party committees and the people's governments at all levels throughout the province should realistically enhance their leadership over the work of building militia reserve forces, earnestly implement the guideline adopted at the meeting, and should conduct research in order to deal with practical problems cropping up in the building of national defense reserve forces and to vigorously further improve the province's work of building militia reserve forces.

Also speaking at the meeting were Jiang Chunyun, deputy secretary of the provincial party committee and chairman of the provincial People's Armed Forces Commission; Gu Hui, deputy commander of the Jinan Military Region; Ma Zhongchen, vice governor of the province; Liu Yude, commander of the provincial Military District; and (Tao Pengshen), political commissar of the provincial Military District.

#### ZHEJIANG'S WANG FANG SPEAKS ON PARTY BUILDING

OWO10130 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 27 Feb 87

[Text] A provincial symposium on party building took place in Hangzhou today.

Addressing the meeting, Wang Fang, secretary of the Zhejiang provincial party committee, said: Since 1986, we have successfully finished rectifying the township and village party organizations.

We have also accomplished a great deal of work in handling major criminal cases and striking at serious economic crimes and criminal offenses. The number of serious cases of lawlessness and indiscipline has dropped noticeably among leading cadres, and all party members have become more conscious of improving their workstyle. Party committees at all levels have intensified their spiritual construction and ideological and political work. The great deal of cadre-related work accomplished by the local author's has provided the organization guarantee for Zhejiang's reform and constru on.

Speaking .. "his year's major projects for building the party, Comrade Wang Fang said: This year's party building will proceed around the two major tasks set by the party Central Committee. In the political and ideological sphere, the struggle against bourgeois liberalization should continue to proceed soundly. Specifically, this means that leading cadres must pay special attention to their study so their thinking can be unified and their impotent and disorderly ideological work changed. Positive education in upholding the four cardinal principles should be carried out within party and government organs and in urban enterprises and institutions. Schools of higher education should consider upholding the four cardinal principles and combating bourgeois liberalization a priority project during the new period. Newspapers, publications, and other media should focus on setting a correct political course and intensifying propagation of the four cardinal principles. Education on arduous struggle, plain living, and building the country through hard work and thrift should be extensively conducted around the movement to increase production and revenue, conserve resources, and limit expenditures. Party members' undesirable work styles should be rectified, the party's disciplinary measures must be enforced, and socialist spiritual construction must be intensified. Commodity economy should be developed to facilitate reform and opening to the outside world. Ethical education should be conducted in all trades and professions in order to halt irregularities. Military, police, and civilian villages, towns, and units. Organizational building of party organizations, especially those at basic levels, should be strengthened. United front operation, CPPCC operation, and the operation of trade unions, CYL organs, women's federations, and other mass organizations should be strengthened so they can be rallied to accomplish the two major tasks set forth by the party Central Committee this year.

Comrade Wang Fang pointed out: To do a good job in building the party this year, we must properly handle the relationship between upholding the four cardinal principles on the one hand, and carrying out reform, opening to the outside world, and enlivening the domestic economy on the other; between combatting bourgeois liberalization on the one hand, and increasing production and revenue and conserving resources and limiting spending on the other; between combatting bourgeois liberalization on the one hand, and enriching people's lives with more theoretical discussion and more creation of literature and art on the other; and between combatting bourgeois liberalization, increasing production and revenue, and conserving resources and limiting spending on the one hand, and improving our work and changing our work style on the other. This symposium must clarify certain issues so we can fully and correctly understand and implement the lines adopted since the 3d Plenary Session of the 11th CPC Central Committee.

The symposium was chaired by Chen Fawen, deputy secretary of the Zhejiang provincial party committee.

Present at the symposium were nearly 200 people, including municipal, prefectoral, and country party committee secretaries in charge of party affairs and mass work; heads of propaganda departments of municipal and prefectoral party committees; and leading comrades of the relevant provincial departments and bureaus.

GUANGZHOU PLA COMMANDER OPPOSES LIBERALIZATION

HK280517 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 28 Feb 87

[Text] After the Spring Festival, the Guangzhou Military Region gathered together the party committee secretaries of armies, divisions, and brigades for 23 days of positive education in upholding the four cardinal principles and opposing bourgeois liberalization. The participants reviewed the abnormal course followed by the Military Region's units since the 3d Plenary Session of the 11th CPC Central Committee, and summed up relatively systematically the experiences in upholding the four cardinal principles and opposing bourgeois liberalization and other erroneous ideological trends. On the basis of pooling everyone's views, Commander You Taizhong summed up these experiences into the following five basic points:

1. Promptly convey, profoundly understand, and resolutely implement the series of instructions of the CPC Central Committee and Comrade Deng Xiaoping on upholding the four cardinal principles, and maintain a high degree of ideological and political unity with the CPC Central Committee.
2. Get a good grasp of study and education in basic Marxist theory and the party's line, principles, and policies, to fundamentally enhance consciousness of upholding the four cardinal principles and ability to distinguish and resist erroneous ideological trends.
3. Correctly unfold the two-front struggle. Proceeding from reality, oppose leftism or rightism as appropriate.
4. Uphold the basic principles and fine traditions of the building of our Army and express adherence to the four cardinal principles in concrete form.
5. Strictly practice political discipline and struggle against all words and deeds violating the four cardinal principles. At the same time, it is necessary to resolutely discard leftist methods, and pay great attention to grasping the policies.

After outlining these five basic experiences, Comrade You Taizhong stressed: We must strengthen our consciousness and staunchness in upholding the four cardinal principles. We should apply these experiences to guide the current struggle against bourgeois liberalization and ensure that the Army will advance along the line adopted since the 3d Plenary Session of the 11th CPC Central Committee.

HENAN HOLDS WORK CONFERENCE ON SOCIAL ORDER

HK241316 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 23 Feb 87

[Text] The provincial work conference on comprehensively handling social order problems was held in Zhengzhou on 23 February. Present at the meeting were comrades responsible for prefectures, cities and counties of the province, comrades in charge of the leading group for comprehensively handling problems of social order, the commission for political science and law and the work of public security, the procuratorate, the judiciary and civil service, as well as responsible persons of the relevant departments under the province. The meeting was presided over by Zhang Zhigang, member of the provincial party committee Standing Committee and vice governor of the province. Also attending the meeting were Ding Shi, vice chairman of the provincial People's Congress; and (He Jinqi), deputy policy commissar of the Henan Military District.

At the meeting, Liu Zhengwei, deputy secretary of the provincial party committee, delivered a report entitled: Greatly Strengthen Comprehensive Handling of Social Order Problems and Safeguard and Develop Political Stability and United.

Comrade Liu Zhengwei said: Over the past few years our province has made great achievements in striking relentless blows at serious economic crime and other crimes and in comprehensively handling problems of social order. The struggle of cracking down on crimes has demonstrated the might of the people's democratic dictatorship, dealt heavy blows at crimes, and checked the momentum of increasing criminal cases. As a result, the sense of security increased criminal cases. As a result, the sense of security increased among the people, and the order of some towns, rural areas, and units returned to normal, thus creating a fairly good social environment and ensuring and promoting the smooth development of economic construction and reform.

However, in the present public order of our province there are still some problems which we cannot afford to ignore. Some of the problems cannot be completely solved by public security departments. We must take measures to strengthen comprehensive handling problems of social order by upholding the four cardinal principles and continuing to strike relentless blows at crimes. In 1987, we must strive to bring about a steady improvement in public order through strengthening comprehensive handling problems of social order so as to safeguard and develop political stability and unity in our province. We must intensify education in the socialist legal system to safeguard political stability and unity. We must conscientiously make arrangements for the study, publicity, and implementation of the decision adopted by the NPC Standing Committee on intensifying education in the socialist legal system to safeguard political stability and unity, so that all cadres and the masses of the people will acquire a good understanding of the state Constitution and law and have a stronger sense of legality and citizen's duties and take the state Constitution as their code of conduct. We must do a good job in the work of spreading legal knowledge and encourage the people to establish and perfect rules and regulations for self-management and self-discipline in the course of conducting education in socialist legality. We must continue to promote the activities of establishing civilized units and five-good families and building spiritual civilization through the joint efforts of the Army, the people, and the police.

Comrade Liu Zhengwei pointed out: In the new year we must continue to strike heavy blows at serious economic crime and other crimes according to law. The main targets are still the seven types of people as listed in the 1983 central decision, especially those who commit serious crimes of murder, robbery, explosion, and rape. In striking blows at serious economic crime, we must concentrate on dealing with important and major cases with both determination and great care. We must strengthen the people's democratic dictatorship to resolutely crack down on a few hostile elements who oppose the party and undermine the socialist cause. Efforts must be made to strengthen the grass-roots units and fundamental work and to consolidate party branches at the grass-roots level, villagers' committees, and organizations for public security and civil suit mediation so that public security problems and civil disputes will be solved by the grass-roots units as far as possible and crimes eliminated in the embryonic stage.

Comrade Liu Zhengwei pointed out; In handling public order problems in a comprehensive way, we must follow the principle of combining special organs with the mass line, the competent authorities should assume the responsibility of their work, and security work should be included in the system of personal responsibility for administrative leadership so as to combine responsibility, authority, and benefit. In the urban and rural areas of the province, we must strengthen public security work and improve the network to maintain a constant patrol so as to promptly discover, prevent, control and crack down on all criminal activities.

Comrade Liu Zhengwei said: Strengthening education among teenagers is the key to handling social order problems in a comprehensive way. The whole society must care for the healthy growth of youngsters so that they will be able to love study, the collective, and labor and to cultivate the good habits of being polite and observing discipline and law when they are young. In helping and educating misguided youngsters, we must carry out the work by setting up groups, concluding contracts, and instituting the responsibility system. We must do our utmost to educate and teach those erring young people to turn over a new leaf.

In the work of reforming and reeducating criminals through labor, we must seriously implement the principle of reform first, production second, and resolutely tighten surveillance over criminals according to law and in a strict but civilized way so as to turn reform-through-labor sites into special schools for reforming and educating people. Local relevant departments must coordinate well with units in charge of reform of criminals through labor and of reeducation of criminals through labor in continuing to help and educate those who are released upon completion of a sentence and those who are released on completion of reform through labor so that they will not commit crimes again.

Leaders at various levels of all trades and professions should attach great importance to political and ideological work, perfect political work organs and reinforce political workers so as to give full play to the role of political work.

Comrade Liu Zhengwei stressed: The key to maintaining public order in a comprehensive way lies in party committees and governments at various levels which must strengthen their leadership to urge all the departments concerned to make concerted efforts to expedite the work by taking effective measures. Only thus will we be able to create a better social environment and ensure and promote the smooth development of reform, opening up to the outside world, and reinvigorating Henan's economy.

#### HUNAN HOLDS REPORT MEETING ON UNITED FRONT WORK

HK261503 Changsha Hunan Provincial Service in Mandarin 1100 GMT 25 Feb 87

[Excerpts] This morning the provincial party committee held a report meeting in the auditorium of the provincial Military District on united front work. More than 2,000 people, including cadres above the section level in provincial organs, and cadres from Changsha and Zhuzhou Cities, attended the meeting.

Shen Ruiting, Standing Committee member and secretary general of the provincial party committee, presided over the report meeting. (Ren Tao), director of the Research Office of the United Front Work Department of the CPC Central Committee, made a report on the situation of united front work in the country. He said: The national conference on united front work held last year and the provincial conference on united front and nationality work concluded on 23 February correspond with the spirit of the central leadership. The party's united front was a magic weapon in the period of revolution and socialist construction, and is also a magic weapon in the new period. We must deepen our understanding of the protractedness and importance of united front work and strengthen the party's leadership over united front work, so that the patriotic united front can play an important role in promoting the reunification of the motherland, in promoting the building of the two civilizations, and in perfecting socialist democracy and legality. [passage omitted]

Tong Ying, vice chairman of the provincial CPPCC Committee and director of the United Front Work Department of the provincial party committee, also delivered a speech at the conference.

SICHUAN HOLDS UNITED FRONT WORK CONFERENCE

HK260403 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 24 Feb 87

[Text] A 5-day provincial conference on united front work concluded in Chengdu yesterday [24 February]. At the conference the delegates studied the relevant central documents on fighting bourgeois liberalization and deepened their understanding of the struggle. They also exchanged new experiences in united front work over the past few years and put forth many valuable suggestions and proposals on how to further exercise the party's unified leadership over united front work, how to implement the policy of the whole party doing united front work, and how to further develop the new situation in united front work.

Feng Yuanwei, deputy secretary of the provincial party committee, delivered a summation speech at the conference. He stressed: Comrades in united front work departments at all levels must earnestly study and steadfastly fight bourgeois liberalization. They must treat as a yardstick the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, and pay serious attention to strict implementation of the party's policies. Party committees and governments at all levels, leading comrades in particular, must fully value the important role of democratic parties in the grand cause of reunifying the motherland and rejuvenating the Chinese nation, help democratic parties solve practical problems, and strengthen unity and cooperation with democratic parties.

Comrade Feng Yuanwei also stressed that in doing united front work, it is necessary to implement the policy of upholding the party's unified leadership and the whole party doing united front work. He demanded that united front work departments at all levels must meet the development of the patriotic united front in the period, and must strengthen self-building.

YUNNAN'S PU CHAOZHU AT CLOSE OF CPPCC SESSION

HK280225 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 27 Feb 87

[Excerpts] The fifth session of the fifth Yunnan CPPCC concluded in Kunming on 27 February, after 10 days in session. Pu Chaozhu, secretary of the provincial party committee, spoke at the conclusion of the session. CPPCC Chairman Liang Jia and Vice Chairman Yang Kecheng presided. [passage omitted]

The conclusion of the session was attended by Pu Chaozhu, He Zhiqiang, Li Shuji, Wang Yuanfang, and Li Dengyou, leaders of the party and government in Yunnan; and (Qin Youming), (Huang Xingzhong), and (Duan Zili), responsible persons of a certain PLA group army and the provincial armed police. [passage omitted]

In his speech, Comrade Pu Chaozhu spoke on the following issues: 1) Upholding the four cardinal principles, opposition to bourgeois liberalization, and central personnel changes; 2) opposition to bourgeois liberalization and central personnel changes are for the sake of better and more completely carrying out the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee; 3) compressing the overheated economy and launching a drive to increase production and practice economy and increase revenue and economize expenditure constitute one of the two main tasks to be done this year; 4) fully understand the important position and role of the CPPCC, the party committees must strengthen leadership over the work of the CPPCC. [passage omitted]

NEI MONGGOL'S ZHANG SHUGUANG REVIEWS CURRENT WORK

SK020101 Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 27 Feb 87

[Text] On the morning of 26 February, Zhang Shuguang, secretary of the regional party committee, gave a speech at a meeting of responsible persons of league and city departments and bureaus on some issues which we must pay attention to in our current work. He called on the people of various nationalities throughout the region and the broad masses of cadres to unswervingly implement the line, principles, and policies of the party Central Committee, work in unity with one heart and one mind, strive to do the current work well, and consolidate and develop the stable and united situation.

In his speech, Zhang Shuguang first reported on the work achievements of the regional party committee since the meeting of secretaries of various banner and county party committees. He said: Nearly 3 months have passed since that meeting. During this period, the regional party committee has mainly grasped three tasks: 1) It has implemented the guidelines of the regional meeting of secretaries of the banner and county party committees, and placed emphasis on grasping the work to implement the plan on planting grass and trees to boost animal husbandry; 2) it has grasped the building of party style; and 3) it has grasped the struggle to oppose bourgeois liberalism. According to the briefings given by various leagues and cities, the region's situation is generally good. All the people are longing for peace and the situation has been stable. The situation in the rural and pastoral areas in particular are even better. The broad masses of peasants and herdsmen are exerting their utmost to grasp spring farming, to combat disasters to ensure the animal safety, and to prepare for the delivery of lambs. They are determined to reap a bumper harvest in agriculture and animal husbandry this year.

In his speech, Comrade Zhang Shuguang stressed several issues which we must pay attention to in our current work. He said: Over the past 3 months, some new situations have emerged in the country. Under such circumstances, the regional party committee has maintained that it is necessary to stress some issues:

1. The issue of upholding the four cardinal principles and opposing bourgeois liberalism. This struggle has a vital bearing on the future and destiny of the party and the state. If we allow the ideological trend of bourgeois liberalism to run rampant, our country will become a society of disturbance, and reform and construction will be impossible to continue. All party comrades should pay great attention to this, adopt a firm and clear-cut stand, and conscientiously assume leadership over this struggle. The sole purpose of waging this struggle is to ensure the comprehensive and correct implementation of the party's line defined since the 3d Plenary Session of the 11th CPC Central Committee and the building of socialism with Chinese characteristics. Based on this spirit, the regional party committee has maintained that all Communist Party members, particularly leading party leaders at all levels, should unswervingly uphold the following few issues:

First, they should resolutely support and obey the correct leadership of the party Central Committee.

Second, they should uphold the four cardinal principles and oppose bourgeois liberalism.

Third, they should resolutely implement the line, principles, and policies defined since the 3d Plenary Session of the 11th CPC Central Committee, and other major policy decisions.

Fourth, they should persist in grasping the building of the two civilizations with a focus on economic construction.

Fifth, they should persist in reform, opening to the outside world, and invigorating the economy.

Sixth, they should adhere to the economic construction policy of taking forestry and animal husbandry as the major undertakings by diversifying the economy, planting grass and trees, and boosting animal husbandry.

This struggle should be proceeded from the reality of Nei Monggol. The ideological trend of bourgeois liberalism also exists in our region. Some unhealthy things which have a bad influence on society were also discovered in some of our lectures and periodicals. We should never lower our guard and become careless. We must adopt a firm and clear-cut stand in the course of struggling against bourgeois liberalism, and manage things strictly in accordance with the principles, policies, and plans stipulated by the central authorities. In addition to adopting a resolute attitude and a clear-cut stand, and persisting in carrying out the work protractedly, we should also work carefully, and adopt reliable policies and proper measures. This struggle should be conducted only inside the party and by no means should it be carried out in the political and ideological sphere. The main task of this struggle should be mainly aimed at solving problems concerning political principles and orientation.

2. The issue of upholding democratic centralism. In 1962, Comrade Xiaoping gave a speech at the enlarged work conference of the party Central Committee, in which he pointed out that democratic centralism is the fundamental system of the party and the state as well as our party's traditional system. Upholding and perfecting this traditional system is a very important matter because it affects the future and destiny of our party and state. Things running counter to this system must be corrected. The regional party committee has demanded that leading cadres at all levels, the chiefs and deputy chiefs in particular, should conscientiously study Comrade Xiaoping's speech, sum up experiences and lessons in line with the actual situation, enhance their sense of upholding democratic centralism, and place themselves among the collective leadership and under the supervision of the party organizations, the party members, and the masses.

3. The issue of increasing production and revenue and reducing expenditures. Increasing production and revenue and reducing expenditures, broadening sources of income and cutting down expenses, and raising efficiency and curtailing spendings constitute an issue of two respects. They are mutually related and we cannot dispense of either of them. Therefore, this issue must be comprehensively understood and conscientiously implemented. In issuing the principle of compressing the atmosphere, the central authorities have kept the whole situation in mind. This principle is absolutely correct. The purpose of making small readjustments is precisely aimed at avoiding some large readjustments in the future. Our historical experiences have shown this. We must genuinely support this principle and implement it although we are not quite clear about it for the time being. The regional party committee has also given consideration to the fact that the present situation of dampening the economic atmosphere may provide a favorable opportunity for our region to speed up the development of township enterprises, neighborhood enterprises in the urban areas, and second light enterprises. All comrades are encouraged to think over this issue. If we do a good job in grasping this work, a new breakthrough may emerge in our township and neighborhood enterprises.

4. The issue of grasping the current agricultural and animal husbandry production. This issue mainly includes two major matters. The first is spring farming and the second is ensuring animal safety. These two matters have a vital bearing on whether we can win a bumper harvest in agriculture and animal husbandry this year and whether we can smoothly carry out the work of planting grass and trees to boost animal husbandry.

In grasping spring farming, all levels should focus the emphasis on providing materials and scientific and technological guidance. In giving material service, we should mainly grasp the supply of chemical fertilizer, diesel oil, plastic film sheetings, fine seeds, and farm machines and tools that are badly needed by peasants. In giving scientific and technological services, we should mainly grasp the training of rural scientific and technological teams, the popularization and application of technology, and the implementation of the spark plan. The key grain producing areas and minor pastoral areas should actively develop animal husbandry on the basis of not slackening efforts to cultivate grain. The work of combating disasters and protecting animals should be aimed at ensuring the safety of animals. The emphasis should be placed on protecting stud animals and female animals, particularly pregnant animals and their offsprings. The time between March and May is the key period. We should try every means to grasp this 100-day period.

5. The issue of preparing for celebrating the 40th anniversary of the founding of the autonomous region. The purpose of celebrating the region's 40th anniversary is aimed at summing up historical experiences, particularly the historical experiences in implementing the party's policy and nationalities, and in doing nationality work, strengthening national unity, and promoting economic construction. We should use the slogan of using the outstanding achievements in building the two civilizations to greet the 40th founding anniversary of the region to mobilize and encourage the workers, peasants, herdsmen, and intellectuals of various nationalities throughout the region to do a better job in their work. One point we must stress in particular is that, in doing a good job in all fields and making good preparations for the celebrations, we must have a foundation and a precondition -- a stable and united political situation.

At the end of his speech, Zhang Shuguang said: This year's tasks are very arduous. We hope that comrades will unwaveringly implement the line, principles, and policies of the party Central Committee, work in unity with one heart and one mind, rely on the efforts of the masses, improve work style and methods, do all fields of work well according to the order of priorities, and greet the 40th founding anniversary of the autonomous region and the successful convocation of the 13th party congress with outstanding achievements.

#### NEI MONGGOL'S ZHANG SHUGUANG WATCHES EXHIBITION

SK250357 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 24 Feb 87

[Excerpts] An exhibition on the culture of Daur Nationality of China formally opened at Nei Monggol Gallery this afternoon. Regional party and government leaders, including Zhang Shuguang, Bu He, Qian Fenyong, and Batubagen attended the opening ceremony and watched the exhibition. Batubagen cut the ribbon to mark the opening of the exhibition. [passage omitted]

More than 200 pictures and 400 articles and models were on display. These exhibits vividly introduced the Daur nationality's unique and distinctive features, including its economic situation, national customs, religious belief, and traditional culture and arts. Through this exhibition, the people of various nationalities will more extensively understand the past and the present situations of the Daur nationality. This exhibition will play a role in further strengthening national unity and invigorating national culture.

This exhibition was cosponsored by the regional Nationalities Affairs Committee, the regional Cultural Department, the regional museum, the Nei Monggol Religious Affairs Bureau, Hulun Buir League, and Morin Dava Daur Autonomous Banner. [passage omitted]

Last December, this exhibition was held in Beijing and was greatly welcomed by the people in the capital. This exhibition will last for 15 days in Hohhot.

GANSU LEADERS INSPECT PLANTS IN LANZHOU

HK270922 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 25 Feb 87

[Excerpt] When inspecting some enterprises in Lanzhou and examining how the enterprises have increased production, practiced economy, increased income, and reduced expenses, provincial party committee Secretary Li Ziqi and Governor Jia Zhijie today pointed out that enterprises must turn plans for increasing production, practicing economy, increasing income and reducing expense into practical action of the masses and ensure the fulfillment of their endeavored targets.

This morning Li Ziqi and Jia Zhijie went to state-run (Changfeng) Machine Plant, and the Lanzhou Petrochemical Industrial Machine Plant, to listen to reports given by responsible persons of the plants. They also went to branch plants and workshops to examine how they have launched the drive to increase production, practice economy, increase income, and reduce expenses. In the afternoon, Jia Zhijie inspected the Lanzhou Electrical Machine Plant. [passage omitted]

XINJIANG'S SONG HANLIANG ADDRESSES PARTY SESSION

HK250313 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 23 Feb 87

[Report by station reporter (Hu Zifang)]

[Text] In his report made on 20 February at the ninth enlarged plenary session of the third autonomous regional party committee, Song Hanliang, secretary of the autonomous regional party committee, noted: In accordance with overall plans drawn up by the party Central Committee and the State Council, this year our autonomous region must attach major importance to successfully carrying out two major tasks. On the political and ideological front, we must take a clear-cut stand on upholding the four cardinal principles and opposing bourgeois liberalization; on the economic front, we must energetically launch the drive to increase production and practice economy and increase revenue and reduce expenditures, ensure long-term steady development of our region's national economy, make great efforts to promote other types of work, strive to achieve our region's 10th year of bumper harvests in agricultural and animal husbandry production, and score new achievements in all types of work.

Referring to opposing bourgeois liberalization, Comrade Song Hanliang said: Upholding the four cardinal principles and opposing bourgeois liberalization are major tasks of the whole party. Party committees at all levels and the vast numbers of party members and cadres must conscientiously study a series of directives issued by the central authorities on upholding the four cardinal principles and opposing bourgeois liberalization, master ideological weapons, have a firm grasp of the scope, focal point, and policy limits set for the struggle against bourgeois liberalization, conscientiously strengthen leadership over universities, colleges, and technical secondary schools and strengthen ideological and political work there, and strengthen leadership over propaganda and mass media work.

Song Hanliang said: Waging the struggle against bourgeois liberalization in the political and ideological sphere is a very complicated thing. Party committees at all levels must not only adopt a firm attitude but must also act cautiously.

Referring to this year's economic work, Song Hanliang said: Overall, we must act in accordance with the central authorities' plan, uphold the policy of plain living and hard struggle and of building up the country with industry and thrift, make great efforts to promote the drive to increase production and practice economy and increase revenue and reduce expenditure, and ensure steady economic growth in our autonomous region. We must energetically develop agricultural and animal husbandry production and strive to achieve our region's 10th year of bumper harvests this year. We must put the stress on improving economic results and achieve steady growth of industrial production. We must strictly control the scale of investments in fixed assets and readjust investment structures. We must further promote reform and opening up, and fully mobilize the masses to energetically launch the drive to increase production and practice economy and increase revenue and reduce expenditure.

He added: The practice of building up the country with industry and thrift, and of plain living and hard struggle, and the practice of increasing production and practicing economy and increasing revenue and reducing expenditure are parts of our party's fine tradition and are also our magic weapons for promoting economic construction. At present, our region is seriously short of funds. The only correct way to achieve sustained and steady development of our region's national economy is to promote the work of increasing production, practicing economy, broadening sources of income, and reducing expenditure. Productive departments and enterprises must focus on the central task of improving economic results, increase the output of marketable products, improve product quality, and reduce (?material) consumption. In carrying out the work of increasing production and practicing economy in the vast countryside, we must put the stress on guiding the peasants to practice rational consumption, to correctly handle relations between improving living standards and developing production, and to spend more money on increasing the reserve strength of agriculture.

In his report, Comrade Song Hanliang also made concrete demands on the following tasks: Continue to do well in assisting poor areas in getting rid of poverty and becoming rich; continue to promote steady development of scientific, technical, educational, cultural, and public health undertakings; strengthen the building of the legal system; promote steady improvement in public order; continue to strengthen the great unity of all nationalities; strengthen party building of party organizations at all levels and the building of cadre ranks; and further promote various undertakings conducted by the production and construction corps.

He stressed: Over the past few years, all undertakings in our autonomous region have constantly scored new achievements. An important reason for scoring such achievements is that they have firmly grasped the key, namely, national unity. From now on, we must continue to firmly and successfully promote the great unity of all nationalities. We must promote the unity between the Han nationality and minority nationalities, the unity between minority nationalities, the unity between the Army and the government, the unity between the Army and the people, the unity between (military organizations and local organizations), the unity between central units and local units, the unity between Communist Party members and nonparty people, and the unity between atheists and religious people. We must create a social environment with great unity to promote the four modernizations and all other types of undertakings.

Song Hanliang said that this year party organizations at all levels must resolutely act in accordance with plans drawn up by the party Central Committee and the State Council, have their feet planted on solid ground, open up new paths, make progress, further promote all types of work, and (?greet) the convening of the 13th national party congress with outstanding achievements in building the two civilizations.

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SHULTZ VISITS HONG KONG BEFORE PRC TOUR

OM020902 Beijing XINHUA in English 0855 GMT 2 Mar 87

[Text] Hong Kong, March 2 (XINHUA) — United States Secretary of State George Shultz said here Sunday that U.S.-Hong Kong economic ties are exceptionally strong, and "we place great importance on continuing stability and prosperity" in Hong Kong. In a statement released on his departure here Sunday morning to begin a six-day trip to the Chinese mainland, Shultz said the U.S. is Hong Kong's largest export market and its largest foreign investor, with six billion U.S. dollars in direct investments. In addition, there are about 800 U.S. companies with offices or representatives in Hong Kong. He said, "Hong Kong is the 10th largest trading partner of the U.S. and is playing a growing role as a base and conduit for U.S.-Chinese mainland trade."

During his two-day stay here, Shultz met with Acting Governor David Akers-Jones, and viewed an exhibition of California agricultural products on board the "Golden Bear" ship docked here.

EDITORIAL SEES 'IRONY' IN SHULTZ VISIT TO PRC

HK280308 Hong Kong HONGKONG STANDARD in English 28 Feb 87 p 6

[Editorial: "The Irony of Mr. Shultz's Plan in Beijing"]

[Text] How very ironic that with the American Government still embarrassingly mired in the Iran arms scandal. China-bound Foreign Secretary Mr George Shultz says one of the items at the top of his agenda is getting China to stop selling arms to Iran.

China has denied ever doing so. But that is neither here nor there. The issue is whether the United States has any moral right to talk to Mr Deng Xiaoping on this particular matter.

Nothing in the Reagan Presidency has done so much to expose the hollowness of his foreign policy than this scandal. How Mr Shultz, who is in Hong Kong today, can discuss the matter with a straight face remains to be seen. It might be even harder for Mr Deng to stop himself bursting out with laughter.

Mr Deng might even feel obliged to tell Mr Shultz that China wants to keep the United States at arm's length as long as Mr Ronald Reagan is in the White House.

The belated release of Mr Deng's speech on the anti-bourgeois campaign may not have anything directly to do with Mr Shultz's visit.

And when Mr Deng talks about not following the American system of government too closely and accuses the Americans of using this system to dominate other countries, he may have grossly over-simplified the whole thing. But it certainly puts across the deep suspicions he has about American intentions.

Mr Deng is not alone in harbouring such suspicions. Nor are such suspicions without some justification as the Iran arms scandal shows.

Many Third World governments feel this way. Now the Saudi Arabian Government cannot but feel extremely uneasy over being lured into dealing with Israel against Iraq which it supports in the war with Iran.

Other governments must be equally embarrassed. Such emotions dissipate with time. But not the sense of outrage against these government felt by their own people who have strong emotional or religious ties with Iran.

Nothing so much undermines the security and stability of these governments as such underhand dealings by various American agencies at the expense of friends and allies. And everything bared for the whole world to see, too. Liberalism carried too far or is it because an incompetent is occupying the White House?

Mr Shultz with need to understand this before he starts holding forth on the Iran issue. And he had to recognise that other countries, like the United States, have their own national interests at stake, have their own national interests at stake, too. Such interests do not always coincide with those of Washington's. Indeed, they may even be at variance.

China has no reason to quarrel with Iran. By the same token, the United States has no reason to feel any animosity towards the mainland. And yet the United States supplies far more lethal weapons to Taiwan.

Mr Ronald Reagan or some of his aides, undoubtedly, believed American interests to be at stake when they decided to ship all those arms to Iran. Just as they believed that providing South Africa with the arms and intelligence to kill the blacks is in the interests of the United States.

The irony of all this is not lost upon Mr Deng and other Third World leaders. But some can be manipulated, others find it in their interests not to make too much noise. Mr Deng is not any of these.

Ironic, too, that Mr Shultz should want to tell China what to do during a visit to mark the 15th anniversary of the Beijing-Washington rapprochement.

Mr Shultz's time would be better spent explaining why the United States is so tardy in living up to the promised transfer of technology to China or the reduction of arms sales to Taiwan.

With a presidency so pre-occupied with the Iran arms scandal these are matters which have been shunted to the sidelines. But they are very important to China and to the continued development of relations between the two countries.

And Mr Deng may just not be in the mood to entertain any discussion of arms to Iran which may, at most, divert the American people's attention from Mr Reagan himself.

But it might just be Mr Shultz wanting to take some of the heat off himself. The Tower Commission's report has been harsh on his own role in the Iran arms scandal. In which case Mr Shultz's competence in promoting and strengthening ties with China must be called into question. His is, after all, a good-will visit. Clearly, good will is not a priority matter on Mr Shultz's mind. Because he also says he will be protesting China's expulsion of foreign newsmen.

Has the Iran arms scandal and the consequent exposure of barrenness in American foreign policy finally driven its leadership round the bend?

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